

EDICO Holdings Limited

鉅京控股有限公司*

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司)

Stock code 股份代號 : 8450



* For identification purpose only 僅供識別

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COVER STORY

Life and work goes on, amid social distancing and uncertainty. "What other pastimes could be most suited than a good-day hiking?"

Best of all, hiking does not ask for much, except a determination to complete the expedition and good planning ahead. And, as a gift in return, a good climb can freshen up our spirit, broaden our courage, staying positive against all odds.

For now, let's tuck into our best sportswear, get all ready to "Climb High and See Wide."

Cover Story

2019-2020

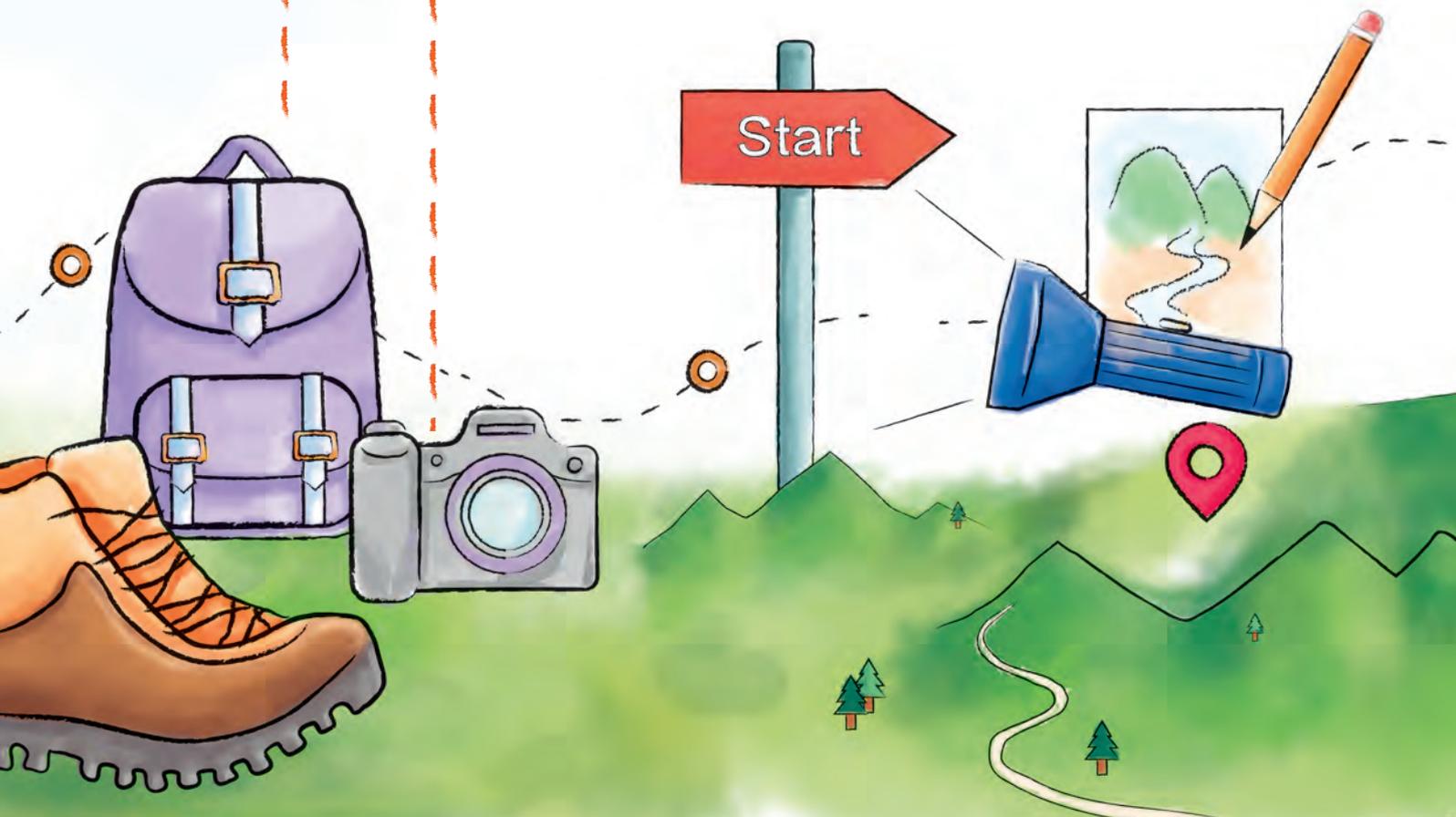
ONE PURPOSEFUL CLIMB



Climb for soliloquy meditation, while social distancing rules;



Climb as pastime with lots of fun;



COOPER STORY

 Climb to test physical tolerance and flexibility;

 Climb to drill self-dependency for expedition ahead;

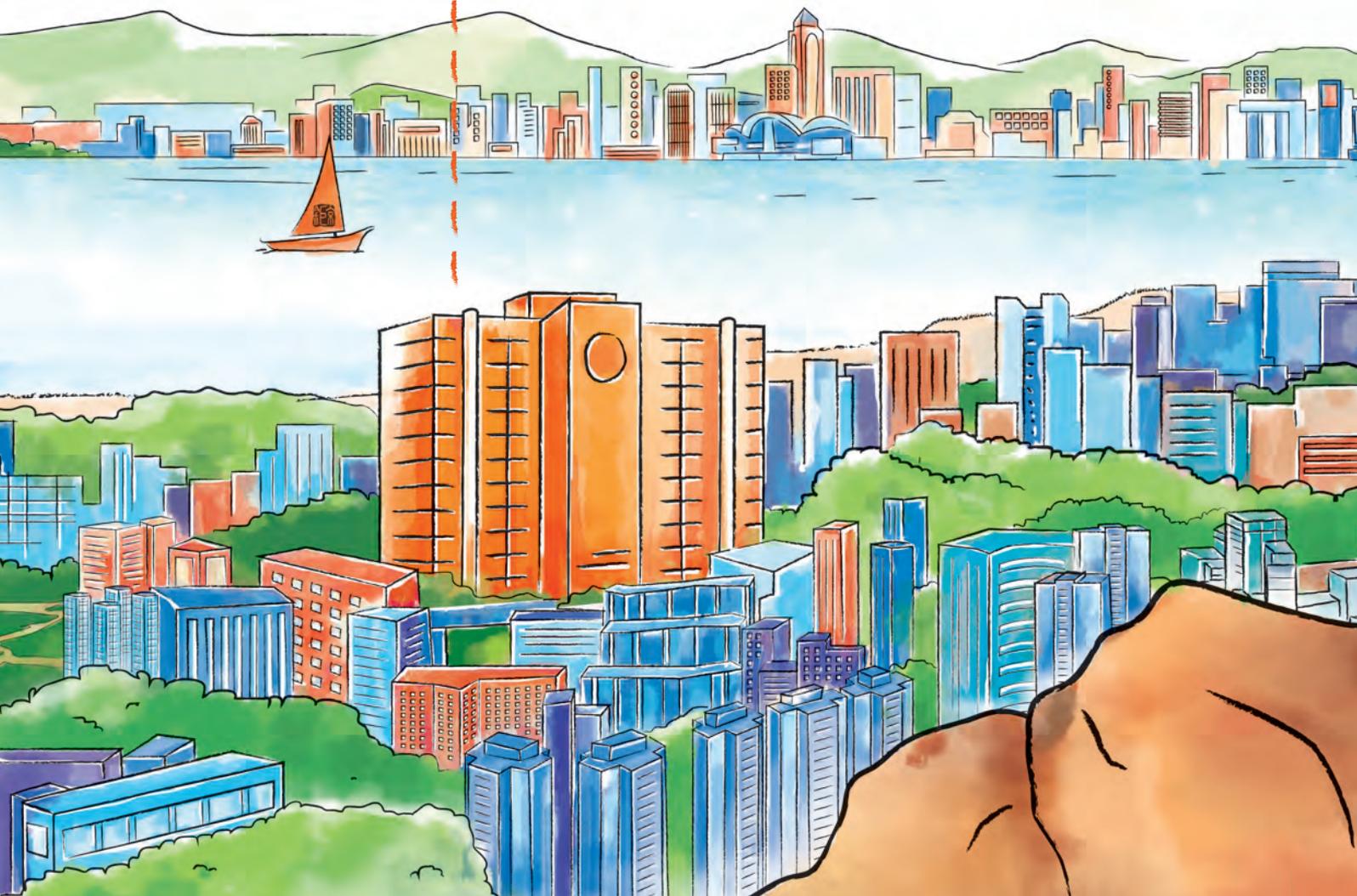
 Best of all, climb to reach for wider perspective;



MILESTONE FOR THE YEAR 2020



We, EDICO people, eventually set to relocate our Kowloon Office into another spacious office within New Kowloon Plaza, with renovation and moving completed by August 2020. The new office neatly provides additional conference room plus facilities for clients as well as roomy workplace for additional staff members.



MILESTONE FOR THE YEAR 2020



CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Tsang Tieh (*Chairman*)
Mrs. Donati Chan Yi Mei Amy (*Chief Executive Officer*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Wai Ming
Mr. Wan Chun Wai Andrew
Ms. Chan Chiu Yee Natalie

BOARD COMMITTEES

AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

Mr. Li Wai Ming (*Chairman*)
Mr. Wan Chun Wai Andrew
Ms. Chan Chiu Yee Natalie

REMUNERATION COMMITTEE

Mr. Wan Chun Wai Andrew (*Chairman*)
Mrs. Donati Chan Yi Mei Amy
Ms. Chan Chiu Yee Natalie

NOMINATION COMMITTEE

Ms. Chan Chiu Yee Natalie (*Chairlady*)
Mr. Chan Tsang Tieh
Mr. Wan Chun Wai Andrew

JOINT COMPANY SECRETARIES

Ms. Cheng Kwai Yee *FCCA*
Sir Kwok Siu Man *KR FCS*
(resignation to be effective on 27th January 2021)

AUTHORISED REPRESENTATIVES

Mrs. Donati Chan Yi Mei Amy
Ms. Cheng Kwai Yee

COMPANY'S WEBSITE

www.edico.com.hk

INDEPENDENT AUDITOR

Martin C.K. Pong & Company
Certified Public Accountants
Room B, 16/F., Times Tower
391-407 Jaffe Road
Wanchai
Hong Kong

COMPLIANCE ADVISER

Giraffe Capital Limited
3/F., 8 Wyndham Street
Central
Hong Kong

COMPLIANCE OFFICER

Mrs. Donati Chan Yi Mei Amy

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F., Wheelock House
20 Pedder Street
Central
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Communications (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

LISTING INFORMATION

PLACE OF LISTING

GEM of The Stock Exchange of Hong Kong Limited

STOCK CODE

8450

BOARD LOT

10,000 shares



CHAIRMAN'S STATEMENT



Dear Shareholders,
On behalf of the board of directors of EDICO Holdings Limited (“EDICO” or the “Company”), I am pleased to present the results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 30th September 2020 (the “Year”) to you.

2020 is an extremely challenging year for the global and Hong Kong economies amid COVID-19 pandemic. Thanks to our professional management team, we have taken all necessary measures to ensure business continuity. It allowed us to provide professional financial printing services to our customers in this unprecedented adverse environment and achieved a set of respectable results. Looking ahead, the operating environment is envisaged to remain challenging as the COVID-19 pandemic unfortunately will not be over in the near future. Nevertheless, we have seen resurgence in initial public offering (“IPO”) activities in Hong Kong in 2020 and the city’s IPO market ranked third globally by IPO funds raised for the nine months ended 30th September 2020. Given the Hong Kong IPO market’s solid pipeline, we believe that the demand of the premium financial printing services will remain strong and EDICO is well positioned to capitalize the opportunity. In addition, we will continue to put substantial effort into retaining our existing clients and developing new customers.

Finally, I would like to once again express my sincere thanks to my fellow directors as well as our management team, staff, business partners and shareholders for their devastating support to the Company during the Year. As always, we are committed to be the leading premium financial printing services provider in the region and create sustainable values for our shareholders.

Chan Tsang Tieh
Chairman and Executive Director
Hong Kong, 15th December 2020



CEO'S MESSAGE

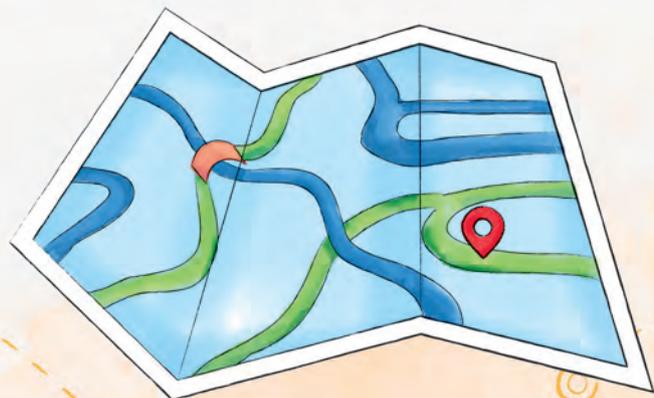
As we prepare this Year's annual report, the world is still confronting the COVID-19 outbreak, one of the greatest health threats in human history. At EDICO, the health and safety of our colleagues, customers, business partners and the communities in which we operate is our number one priority. We have a legacy of responsible business and we are committed to doing all we can to keep everyone safe. As a premium financial printing services provider, we have to deliver our services uninterrupted and maintain our offices fully operational. We have been strictly following all the pandemic prevention measures advised by the Hong Kong government, and proactively implementing a range of precautionary measures, from stringent sanitation and cleaning protocols, to workplace distancing, temperature checks, access controls and online meetings. We are extremely proud of and grateful to our teams who come on site every day to ensure business continuity.

Under this volatile backdrop and a tough operating environment, EDICO managed to navigate the challenges and delivered a stable performance. For the Year, the revenue and gross profit of the Group were approximately HK\$73.2 million and approximately HK\$35.6 million, respectively, representing the increases of approximately 22.0% and 45.9% respectively over the prior year. Profit for the year attributable to owners of the Company was approximately HK\$4.1 million for the Year compared to a loss for the year attributable to owners of the Company of HK\$11.5 million for the previous year.

During the Year, we devoted substantial effort and investments to further enhance our service standard and competitiveness. We believe that every customer is unique and thus our mission is to provide tailor-made services and solutions to our customers. Our new Kowloon office with enlarged spaces provided our customers with an alternate location to enjoy the premium financial printing services. Recently, The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") issued a consultation paper on the proposals to introduce a paperless listing and subscription regime, online display of documents and reduction of the types of documents on display. EDICO is always a keen supporter of sustainable and environmentally friendly practices and we have already invested in both our hardware and software in favour of these paperless initiatives.

The short-term outlook for the global and Hong Kong economies remains uncertain and will be highly dependent on the duration of the COVID-19 outbreak. Nevertheless, the bright spot for the Company is that the Hong Kong IPO market is expected to be strong and active in 2021, including a number of high profile secondary and biotech listings. Hong Kong IPO market should maintain its globally leading position in terms of fund raising size and that will foster the demand for financial printing services. Moreover, we treasure our existing customers and shall continue to provide the premium services to support their printing needs for listing-related documents. EDICO has always been well positioned to capitalize any market opportunities with its premium services and create the long-term values of our shareholders.

Donati Chan Yi Mei Amy
 Chief Executive Officer
 Hong Kong, 15th December 2020



Mission

We are a trusted provider of financial printing services. We continue to pursue excellence through improvements in technology and people, never underestimate the role that we have in capital markets.



Vision

To be a leading provider of financial printing services in the region.



MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW AND OUTLOOK

The Company and its subsidiaries (collectively the “Group”) aims to constantly engage proactive thinking and look not just for short-term solutions, but more importantly, also for comprehensive and versatile strategies based on its core corporate values and facilitate through observation, vision for the long-term with an utmost attitude. Given our beliefs, EDICO strives to be a premium service provider in the financial market.

The Group focuses on operating 24/7 integrated pre and post printing services with customers mainly from financial and capital markets. We offer a wide range of comprehensive printing services, namely typesetting, proofreading, translation, design, printing and binding, distribution and media placement. The printed documents we produce cover a vast array of corporate financial-related printed materials, including:

- (i) Listing-related Documents;
- (ii) Periodical Reporting Documents;
- (iii) Compliance Documents; and
- (iv) Miscellaneous and Marketing Collaterals.

Set out below is the revenue attributable to each category of documents we handled during the Year:

	2020		2019	
	HK\$'000	%	HK\$'000	%
Listing-related documents	32,706	44.7	19,617	32.7
Periodical reporting documents	25,097	34.3	25,364	42.3
Compliance documents	13,603	18.6	12,485	20.8
Miscellaneous and marketing collaterals	1,803	2.4	2,510	4.2
	73,209	100	59,976	100

For the years ended 30th September 2019 and 2020, revenue attributable to the top five customers amounted to approximately 22.7% and 30.2% of our total revenue respectively. The Group did not over-rely on any major customer. All of the top five customers during the reporting years were independent third parties.

The Group's suppliers are the subcontractors. During the years ended 30th September 2019 and 2020, the Group subcontracted some of the translation works to independent translation companies and printing and binding works to independent printing factories. For the years ended 30th September 2019 and 2020, we incurred approximately HK\$21.1 million and HK\$23.2 million of translation and printing subcontracting costs respectively, representing approximately 59.3% and 61.6% of our total cost of services respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table summarises certain major items of the consolidated financial information of the Group during the Year:

	2020 HK\$'000	2019 HK\$'000
Revenue	73,209	59,976
Cost of services	(37,634)	(35,533)
Gross profit	35,575	24,443
Gross profit margin	48.6%	40.8%
Profit/(Loss) before tax	4,097	(11,593)
Profit/(Loss) for the year	4,097	(11,543)
Net profit/(loss) margin	5.6%	(19.2%)

REVENUE

For the years ended 30th September 2019 and 2020, the Group's revenue was approximately HK\$60.0 million and HK\$73.2 million respectively. For the years ended 30th September 2019 and 2020, the Group recorded a net loss of approximately HK\$11.5 million and a net profit of HK\$4.1 million respectively. The increase in revenue was mainly due to a significant increase in the revenue generated from handling listing-related documents as a result of an increase in the number of new customers successfully listed on the Stock Exchange during the Year.

COST OF SERVICES

The Group's cost of services mainly represents (i) the subcontractor costs which comprise translation costs and printing costs; (ii) direct labour costs; (iii) in-house translation costs; (iv) design costs; (v) advertising costs; and (vi) other costs such as photocopiers' rental, stock photo purchasing and customers' catering costs. For the years ended 30th September 2019 and 2020, cost of services amounted to approximately HK\$35.5 million and HK\$37.6 million respectively. The increase in cost of services was generally in line with the increase of the Group's revenue during the Year.



MANAGEMENT DISCUSSION AND ANALYSIS

“Even if you stumble,
you’re still moving forward”

– Victor Kiam

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group’s gross profit increased by approximately HK\$11.2 million, or 45.9%, from approximately HK\$24.4 million for the year ended 30th September 2019 (the “Year 2019”) to approximately HK\$35.6 million for the Year. Gross profit margins for the years ended 30th September 2019 and 2020 were approximately 40.8% and 48.6%, respectively. The change was mainly due to the increase in revenue generated from the listing-related documents, and the increase in cost of services relatively lower than the increase in total revenue.

SELLING AND DISTRIBUTION EXPENSES

The Group’s selling and distribution expenses decreased by approximately HK\$1.3 million, or 32.5%, from approximately HK\$4.0 million for the Year 2019 to approximately HK\$2.7 million for the Year. The decrease was mainly due to the decrease in staff costs.

ADMINISTRATIVE EXPENSES

The Group’s administrative expenses decreased by approximately HK\$2.4 million, or 7.3%, from approximately HK\$32.8 million for the Year 2019 to approximately HK\$30.4 million for the Year. The decrease was mainly due to the decrease in staff costs despite the increase of depreciation of right-of-use assets.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

The Group did not incur any finance costs for the Year 2019 whereas finance costs on lease liabilities of approximately HK\$1.1 million were recorded for the Year due to the adoption of Hong Kong Financial Reporting Standard 16.

INCOME TAX CREDIT / EXPENSE

There was no income tax expense for the Group for the Year as the Company and its operating subsidiaries either had no assessable profits for the Year or had available tax losses brought forward from prior years.

PROFIT / (LOSS) FOR THE YEAR AND NET PROFIT / (LOSS) MARGIN

The Group recorded a loss after tax of approximately HK\$11.5 million for the Year 2019 and a profit after tax of approximately HK\$4.1 million for the Year. The change was primarily due to the increase of the Group's revenue during the Year.

The net (loss)/profit margins were 19.2% for the Year 2019 and 5.6% for the Year respectively.

INTEREST COVERAGE RATIO

Interest coverage ratio was not applicable to the Group for the Year 2019 and the Year as the Group did not have any borrowings and therefore, had not incurred any interest expenses during the respective years.

RETURN ON TOTAL ASSETS

The return on total assets was approximately 13.8% negative for the Year 2019 and approximately 3.8% positive for the Year.

RETURN ON EQUITY

The return on equity was approximately 16.8% negative for the Year 2019 and approximately 5.6% positive for the Year.

DIVIDEND

The board of directors of the Company (the "Directors" and the "Board", respectively) has resolved not to recommend the payment of a final dividend in respect of the Year (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS ("KPIs") WITH THE STRATEGIES OF THE GROUP

The Group sets a number of KPIs to support the delivery of its strategies with its performance for the Year as below:

Objective	KPIs	Strategies
Maximise value for the shareholders	<p>Gross profit margin⁽¹⁾ = 48.6% (2019: 40.8%)</p> <p>Return on total assets⁽²⁾ = 3.8% (2019: (13.8%))</p> <p>Return on equity⁽³⁾ = 5.6% (2019: (16.8%))</p>	The Group has implemented effective cost control measures, pricing arrangement and capital expenditure.
Maintain the Group's liquidity and monitor capital structure	<p>Cash and cash equivalents = approximately HK\$69.7 million (2019: approximately HK\$47.4 million)</p> <p>Current ratio⁽⁴⁾ = 2.9 times (2019: 5.3 times)</p> <p>Gearing ratio⁽⁵⁾ = N/A (2019: N/A)</p> <p>Net debt to equity ratio⁽⁶⁾ = Net cash position (2019: Net cash position)</p>	The Group adopts a prudent financial management policy to regularly monitor its liquidity requirements and compliance with facilities arrangement so as to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet the liquidity requirements of the Group in the short and long term.

Notes:

- Gross profit margin is calculated by dividing the gross profit for the year by revenue and then multiplied by 100%.
- Return on total assets is calculated by dividing the net profit/(loss) for the year by the total assets as at the respective year end and then multiplied by 100%.
- Return on equity is calculated by dividing the net profit/(loss) for the year by the total equity as at the respective year end and then multiplied by 100%.
- Current ratio is calculated by dividing the total current assets by the total current liabilities as at the respective year end.
- Gearing ratio is calculated by dividing the total borrowings by the total equity as at the respective year end and then multiplied by 100%.
- Net debt to equity ratio is calculated by dividing the net debt (all borrowings net of cash and cash equivalents) by the total equity as at the respective year end and then multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

The Group's businesses are located in Hong Kong and most transactions are conducted in Hong Kong dollars ("HK\$"). Most of the Group's assets and liabilities are denominated in HK\$, except for certain trade receivables which were denominated in United States dollars and cash on hand and bank deposits which were denominated in Renminbi and Sterling Pound.

The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and therefore, no hedging arrangements were made during the Year. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

PRINCIPAL RISKS AND UNCERTAINTIES

In view of the social unrest in Hong Kong since mid-2019 and the outbreak of the COVID-19 worldwide, the economy and the market situation of Hong Kong have been severely hit. It is expected to have a continuous adverse impact on the economic outlook which remains uncertain. However, we firmly believe that customer satisfaction and quality services are the cornerstones of the Group's long-term sustainable growth. Thus, the Group will continue to invest in our facilities and our staff to further enhance our service standard and competitiveness.

LIQUIDITY, FINANCIAL RESOURCES, BORROWING AND GEARING RATIO

The Group's primary use of cash is to satisfy the working capital and capital expenditure needs. Historically, the Group's use of cash has mainly been financed through a combination of cash received from the provision of services and financial support from the shareholders.

As at 30th September 2020, the Group had cash and cash equivalents of approximately HK\$69.7 million (2019: HK\$47.4 million) and did not have any bank borrowings. Going forward, the Group believes that the liquidity requirements will be satisfied using a combination of cash generated from operating activities and net proceeds from the listing of the shares of the Company (the "Shares") in issue on GEM of the Stock Exchange (the "Listing"). Our Directors believe that in the long term, the Group's operation will be funded by internally generated cash flows and, if necessary, additional equity and/or debt financing.

As at 30th September 2020, the Group's current assets amounted to approximately HK\$88.4 million (2019: HK\$80.6 million) and current liabilities amounted to approximately HK\$30.1 million (2019: HK\$15.1 million). Current ratio was 2.9 times as at 30th September 2020 (2019: 5.3 times).

The gearing ratio was not applicable to the Group as at 30th September 2019 and 2020 as the Group did not have any outstanding debt.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

There was no change in the Company's capital structure during the Year. Considering the current financial position of the Group and provided that there is no unforeseeable adverse circumstance, the management does not anticipate the need to change the capital structure. The Board believes that the Group is in a healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no acquisitions and disposals of subsidiaries, associates or joint ventures for the Year.

SEGMENTAL INFORMATION

Segmental information has been set out in note 7 to the consolidated financial statements of this annual report.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND SHARE OPTION SCHEMES AS WELL AS TRAINING SCHEMES

As at 30th September 2020, the Group had 60 (2019: 62) employees. The total remuneration (including salaries and allowances, discretionary bonuses and contributions to pension schemes) paid by the Group to the Directors for the Year was approximately HK\$1.9 million (2019: HK\$2.1 million).

The staff costs of the Group (including salaries, allowances and benefits, and contributions to defined contribution retirement plans) for the Year amounted to approximately HK\$20.4 million (2019: HK\$24.5 million).

The Group's principal policies concerning remuneration of the Directors and senior management are determined based on the duties, responsibilities, experience, skills and time commitment of the relevant Director or member of senior management, as well as the performance of the Group.

The Group determines the employees' remuneration based on factors such as market competitive salaries and their previous work experience. One of the key principles of the remuneration policy is to remunerate employees in a manner that is market competitive. The Group also regularly evaluates the employees to assess their performance.

The Company has adopted a share option scheme to reward the eligible participants for their contribution to the Group. The Group also provides continuous trainings to the employees to improve their skills and develop their potential. It provides mandatory trainings to the new staff based on the tasks they perform in the course of its business. The Group also provides departmental and office-wide trainings to the staff in relation to business and the financial printing industry, such as site visits to printing factories and seminars about paper characteristics and printing.

CHARGES ON THE GROUP'S ASSETS

As at 30th September 2020 and 2019, the Group did not have any loans and banking facility and therefore, no asset had been pledged to any parties.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THE EXPECTED SOURCES OF FUNDING

The Group did not have any significant investments or any other plans for material investments or capital assets as at 30th September 2020.

CONTINGENT LIABILITIES

As at 30th September 2020 and 2019, the Group had no significant contingent liabilities.

USE OF NET PROCEEDS FROM THE LISTING

On 2nd February 2018 (the “**Listing Date**”), the Shares were listed on GEM of the Stock Exchange. A total of 250,000,000 Shares with nominal value of HK\$0.01 each were issued at HK\$0.22 per Share in relation to its Share Offer (as defined in the prospectus of the Company dated 23rd January 2018 (the “**Prospectus**”). The net proceeds from the Listing (the “**Net Proceeds**”) amounted to approximately HK\$28.7 million, after deducting the underwriting commission and all related Listing expenses. The Company has utilised, and will continue to utilise, the Net Proceeds for the purposes consistent with those stated in the section headed “Future Plans and Use of Proceeds” as set out in the Prospectus.

The table below sets out the planned applications of the Net Proceeds and the actual usage during the Year:

Intended application of the Net Proceeds	Total expenditure of the planned applications (Note 1) (HK\$ million)	Planned use of the Net Proceeds (Note 2) (HK\$ million)	Actual usage from the Listing Date and up to 30th September 2019 (HK\$ million)	Actual usage for the Year (HK\$ million)	Unutilised Net Proceeds as at 30th September 2020 (HK\$ million)	Expected timeline to fully utilise the unutilised Net Proceeds
Upgrading the Central Office (Note 3) and setting up a new office	18.6	13.9	3.1	0.8	10.0	30th September 2022
Expanding the workforce	10.0	7.5	3.0	3.0	1.5	30th September 2022
Upgrading and acquiring equipment and software	6.0	4.5	1.1	0.2	3.2	30th September 2022

Notes:

- (1) Refers to the future plans as stated in the Prospectus.
- (2) Refers to the planned use of the Net Proceeds as stated in the Prospectus.
- (3) Central Office represents the Group’s headquarters and principal place of business located at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong.

As at the date of this annual report, the unused Net Proceeds were deposited in a licensed bank in Hong Kong and the Directors do not anticipate any material change to the plan as to the use of the unutilised Net Proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL PROGRESS

The following is a comparison of the Group's business objectives as set out in the Prospectus with actual progress for the Year.

Business objectives as set out in the Prospectus

Actual progress for the Year

<ul style="list-style-type: none"> — Upgrading the Central Office and setting up a new office^(Note) 	<p>The renovation work of the Central Office had been completed by the end of December 2018 and a new office was relocated to a more spacious office located in New Kowloon Plaza, Hong Kong by the end of August 2020.</p>
<ul style="list-style-type: none"> — Expanding the workforce^(Note) 	<p>The Group has recruited additional staff to join the sales, services and operations departments.</p>
<ul style="list-style-type: none"> — Upgrading and acquiring equipment and software^(Note) 	<p>The Group has upgraded its computer, email system and existing server configuration, and acquired conference rooms' facilities for serving its customers.</p>

Note: Reference is made to the Prospectus under the section headed "Use of Proceeds". It is disclosed that the Company planned to utilise a portion of the Net Proceeds for setting up a new office which (i) was to replace the office located at New Kowloon Plaza, West Kowloon, Hong Kong (the "**Kowloon Office**") upon the lease expiration in August 2018 and (ii) would be in the proximity of the Central Office. At the time the Group designated its plan in the section headed "Use of Proceeds" and the time it was actively sourcing an appropriate office in the vicinity of Central and western districts in Hong Kong subsequent to the Listing, the Group found that rental had soared significantly during the intervening period. During the year ended 30th September 2018, the Group, therefore, resorted to extend the lease contract of the Kowloon Office for another year. The lease contract was further extended till August 2020. The Company announced on 7th August 2020 in relation to the selection of location of new office. In view of the social unrest in Hong Kong since mid-2019 and the outbreak of the COVID-19 worldwide, the economy and the market situation of Hong Kong have been severely hit. It is expected to have a continuous adverse impact on the economic outlook which remains uncertain. After careful considerations, the Group decided to keep two workstations in two separate districts to avoid intermittent disruption of our services for enhancement of risk management and contingency purpose. Besides, the office rents in Kowloon area are generally lower than that in Central and Western District, the Company finally decided to relocate the Kowloon Office to a more spacious office located in New Kowloon Plaza, having additional conference room facilities to our existing and potential customers. Having considered the increasing by competitive business environment and the uncertainties of the economic outlook, the Group did not fully utilise the Net Proceeds according to the planned time frame disclosed in the Prospectus and the Company's annual report 2018/2019. We planned to delay the utilisation of the Net Proceeds from 31st March 2020 to 31st March 2021 and further from 31st March 2021 to 30th September 2022.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

DIRECTORS

Mr. Chan Tsang Tieh (陳增鈇) • Executive Director and Chairman

Mr. Chan, aged 70, is the chairman of the board of directors of the Company (the “**Directors**”, the “**Board**” and the “**Chairman**”, respectively) and an executive Director, responsible for providing strategic advice to our Company and its subsidiaries (the “**Group**”). Mr. Chan was appointed as a Director on 20th May 2016 and was re-designated as an executive Director and appointed as the Chairman on 22nd June 2017. Mr. Chan is also a member of the nomination committee of the Board (the “**Nomination Committee**”) and the sole director of all the subsidiaries of the Company. He established our Group in October 2009 and is the controlling shareholder of our Company through his beneficially 100%-owned Achiever Choice Limited, of which he is the sole director. During the period from 2004 to 2006, Mr. Chan had investment in the business of digital control and automation system in Fujian, the People’s Republic of China (the “**PRC**”). During the period from 1986 to 2004, Mr. Chan set up and operated the business of various industries in Hong Kong, including the distribution of household goods, production of belts and shoulder pads. He engaged in these businesses both in a management role and as an investor. From 1973 to 1986, Mr. Chan was a factory worker in different industries in Hong Kong, including bicycle manufacturing and garment production. Mr. Chan received his secondary education in the PRC during 1965 to 1968.



Mrs. Donati Chan Yi Mei Amy (陳綺媚) • Executive Director and Chief Executive Officer

Mrs. Donati, aged 46, is the Chief Executive Officer, an executive Director and the compliance officer of our Company and is responsible for overseeing the daily operations, general management and strategic planning of our Group, and ensuring the Group’s compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and other relevant laws and regulations. Mrs. Donati is also a member of the remuneration committee of the Board. She was appointed as an executive Director on 22nd June 2017 and as the Chief Executive Officer on 30th June 2017. She joined our Group on 1st August 2010 and has held the position of managing director prior to her appointment as the Chief Executive Officer. Mrs. Donati is also the chief executive officer of EDICO Financial Press Services Limited (“**EDICO**”), an indirect wholly-owned subsidiary of the Company. Mrs. Donati has about 20 years of experience in the financial printing industry. Prior to joining our Group, she was a general manager and sales director of iOne (Regional) Financial Press Limited from November 2005 to December 2009, responsible for the sales and marketing activities and general management of the company. From June 2001 to October 2005, Mrs. Donati worked at Donnelley Financial Solutions Hong Kong Limited (formerly known as Roman Financial Press Limited), and her last position held was an associate sales director primarily responsible for overseeing the sales and marketing activities of the company. She was also the sales trainee of RR Donnelley Financial Asia Limited from April 2000 to May 2001, responsible for project management. Mrs. Donati graduated from the University of Keele in England with a Bachelor of Laws (LLB) and a Bachelor of Business Administration in July 1996.



DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr. Li Wai Ming (李威明) • Independent Non-executive Director

Mr. Li, aged 50, was appointed as an independent non-executive Director (the “**INED**”) on 15th November 2017. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Li is also the chairman of each of our Board’s audit committee (the “**Audit Committee**”) and risk management committee (the “**Risk Management Committee**”).

Mr. Li has about 20 years of experience in the finance industry. From March 1997 to March 1999, Mr. Li worked in leading accounting firms. He held the position of senior finance manager in a company listed on the Stock Exchange before his retirement. Mr. Li also served as an independent non-executive director of China International Development Corporation Limited, a company listed on the Stock Exchange (stock code: 264) from September 2015 to December 2015.

Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants in the United Kingdom (the “**UK**”), an associate member of The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the UK, a member of The Hong Kong Institute of Chartered Secretaries, and a certified tax adviser of the Taxation Institute of Hong Kong. Mr. Li obtained his master of professional accounting degree in November 2004 from the Hong Kong Polytechnic University.



Mr. Wan Chun Wai Andrew (尹振偉) • Independent Non-executive Director

Mr. Wan, aged 65, was appointed as an INED on 15th November 2017. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Wan is also the chairman of our Board’s remuneration committee (the “**Remuneration Committee**”) and a member of each of our Audit Committee, Nomination Committee and Risk Management Committee.

Mr. Wan has over 20 years of experience in business administration and finance. Mr. Wan is now a School Manager of a kindergarten.

Mr. Wan is a fellow member of the Association of Chartered Certified Accountants in the UK and a member of each of Certified General Accountants of Ontario, Canada, Chartered Professional Accountants, Canada and the Hong Kong Institute of Certified Public Accountants. Mr. Wan obtained his master of business administration degree from the University of South Australia in October 2009.



DIRECTORS AND SENIOR MANAGEMENT PROFILES

Ms. Chan Chiu Yee Natalie (曾昭怡) • *Independent Non-executive Director*

Ms. Chan, aged 34, was appointed as an INED on 15th November 2017. She is primarily responsible for supervising and providing independent judgment to the Board. Ms. Chan is also the chairlady of our Nomination Committee and a member of each of our Audit Committee, Remuneration Committee and Risk Management Committee.

Ms. Chan has over 8 years of experience in the legal industry and is now working as a legal consultant, primarily responsible for providing legal advice.

Ms. Chan was admitted a solicitor in Hong Kong in November 2013. Ms. Chan obtained her bachelor of science in corporate finance and accounting degree from Bentley University in the United States in May 2008 as well as her juris doctor degree in December 2010 and her postgraduate certificate in laws in July 2011, both from the Chinese University of Hong Kong.



SENIOR MANAGEMENT

Members of our Group's senior management team, in addition to the Directors listed above, are as follows:

Ms. Cheng Kwai Yee (鄭桂儀) • *Chief Financial Officer and Joint Company Secretary*

Ms. Cheng, aged 44, is the Chief Financial Officer and a joint company secretary of our Company. Ms. Cheng joined the Group in April 2010 and is responsible for overseeing the Group's daily accounting operation and financial management. Ms. Cheng has over 20 years of experience in the accounting industry. Prior to joining the Group, Ms. Cheng was the accounting and human resources manager of EVI Services Limited, an educational software service company, from March 2008 to March 2010 mainly responsible for handling accounting matters. Between January 2004 and March 2008, Ms. Cheng served as an account officer in Thing On Securities Limited, and was mainly responsible for handling accounting matters. Between July 2001 and November 2003, Ms. Cheng worked as an audit semi-senior at Andrew Ma DFK (CPA) Ltd. From March 2000 to July 2001, Ms. Cheng worked as an audit junior and audit assistant in Gregory K.S. Tsang & Co. From December 1998 to March 2000, Ms. Cheng was an accounting clerk at China Shipping (Hong Kong) Agency Co., Ltd.

Ms. Cheng was admitted as a member of the Association of Chartered Certified Accountants in the UK in 2003 and was advanced to fellowship status in 2008. She was also admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2017. She obtained a Bachelor of Business Administration degree from the Hong Kong Baptist University in December 1998.



DIRECTORS AND SENIOR MANAGEMENT PROFILES

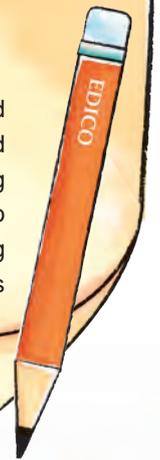
Ms. Lok Yuen Yu Izabel (駱婉如) • Chief Operations Officer

Ms. Lok, aged 48, joined our Group in January 2010, and is the Chief Operations Officer of our Group. She is responsible for managing the operations in providing our services to clients. Ms. Lok has over 17 years of experience in the financial printing industry. Ms. Lok was an account servicing director of iOne (Regional) Financial Press Limited from November 2005 to December 2009, mainly responsible for customer services. She served as a customer service executive in Donnelley Financial Solutions Hong Kong Limited (formerly known as Roman Financial Press Limited) from July 2001 to October 2005, and was mainly responsible for customer service. Ms. Lok graduated from the University of Lethbridge, Canada with a degree of Bachelor of Arts in May 1997.



Ms. Wong Choi Sze Joyce (黃采詩) • Sales Director

Ms. Wong, aged 41, is a Sales Director of EDICO responsible for managing client relationship and expanding our Group's network for potential business. Ms. Wong joined our Group in January 2010, and has over 16 years of experience in the financial printing industry, in particular the sales and marketing area. She was a sales associate of iOne (Regional) Financial Press Limited from November 2005 to December 2009, and was mainly responsible for managing client relationships. In March 2003, Ms. Wong joined Donnelley Financial Solutions Hong Kong Limited (formerly known as Roman Financial Press Limited) as a customer service executive, and was switched to the position of marketing executive in October 2003, a position she held until October 2005, and was mainly responsible for organising marketing events. Ms. Wong graduated from the University of Victoria, Canada with a degree of Bachelor of Commerce in May 2002.



Ms. Lee Shuk Yee (李淑儀) • Sales Director

Ms. Lee, aged 54, joined our Group in August 2012 and is a Sales Director of EDICO primarily responsible for managing client relationship and expanding our Group's network for potential business. Ms. Lee worked as a senior account manager in Speedy Design Communications Limited, a company engaging in brand management and event management business, from May 2011 to August 2012, and was primarily responsible for customer account management. She served as an account director in The Design Associates Limited between September 2002 and April 2011, and was primarily responsible for managing customer relationship.

Ms. Lee graduated from the Hong Kong Shue Yan College (currently known as the Hong Kong Shue Yan University) with a diploma from the Department of Journalism in July 1990. In addition, Ms. Lee obtained a McDonald's International Communications diploma from McDonald's Communications University in February 1997. She also obtained a bachelor of management studies from the University of Hong Kong in December 2004. Ms. Lee has completed the Six Sigma Green Belt Certificate Programme provided by AC&A Consultancy & Training Co. Ltd. in March 2011.



DIRECTORS AND SENIOR MANAGEMENT PROFILES

JOINT COMPANY SECRETARIES

Ms. Cheng Kwai Yee (鄭桂儀) and **Sir Kwok Siu Man KR** (郭兆文) are the joint company secretaries of our Company.

For the biography of Ms. Cheng, please see the subsection headed “Senior Management” above.

Sir Seaman Kwok, aged 61, was appointed as one of our joint company secretaries on 22nd June 2017. He has over 35 years of legal, corporate secretarial and management experience gained from working with reputable companies overseas and in Hong Kong (including the Hang Seng Index Constituent and the Hang Seng Mid-Cap 50 stock companies). He has been the managing director of Donnelley Financial Solutions Hong Kong Limited (formerly known as Roman Financial Press Limited). He joined the Boardroom group in September 2013 and is the Head of Corporate Secretarial of Boardroom Corporate Services (HK) Limited. He was an executive director of Boardroom Corporate Services (HK) Limited and a director of Boardroom Share Registrars (HK) Limited, our Company’s Hong Kong Branch Share Registrar. From January 2011 to March 2013, Sir Seaman Kwok was the group company secretary of the Lai Sun group comprising, amongst others, Lai Sun Garment (International) Limited (stock code: 191), Lai Sun Development Company Limited (stock code: 488), eSun Holdings Limited (stock code: 571), Lai Fung Holdings Limited (stock code: 1125) and Media Asia Group Holdings Limited (stock code: 8075), and the company secretary of Crocodile Garments Limited (stock code: 122) concurrently. All the above companies are companies listed on the Stock Exchange. Sir Seaman Kwok was also an independent non-executive director of Grand Ocean Advanced Resources Company Limited (stock code: 65), a company listed on the Stock Exchange, from February 2015 to February 2016. He was an executive committee member of Federation of Share Registrars Limited. Since 30th June 2017, he has been an independent non-executive director of Tak Lee Machinery Holdings Limited (stock code: 2102), a company listed on the Stock Exchange and is currently a director of two charitable organisations in Hong Kong and a member of each of the Foundation and the Industrial and Business Leaders Circle of the City University of Hong Kong.

Sir Seaman Kwok obtained a professional diploma in company secretaryship and administration and a bachelor’s degree of arts from the Hong Kong Polytechnic University in November 1983 and November 1994, respectively and a post-graduate diploma in laws from the Manchester Metropolitan University in the UK in 1998. He passed the Common Professional Examinations in England and Wales in July 1998. Sir Seaman Kwok was admitted as a fellow member of each of The Chartered Governance Institute (the “CGI”) (formerly known as the Institute of Chartered Secretaries and Administrators) in the UK, the Institute of Financial Accountants in the UK and The Hong Kong Institute of Chartered Secretaries (the “HKICS”) in 1990, 1996 and 1994, respectively. He has also been a fellow member of the Association of Hong Kong Accountants, The Hong Kong Institute of Directors and the Institute of Public Accountants in Australia since June 2014, July 2014 and April 2015, respectively. He was admitted as a Chartered Governance Professional of the CGI and the HKICS in September 2018. Sir Seaman Kwok also possesses other professional qualifications such as arbitration, taxation, securities and investment as well as human resource management. He was the youngest and longest-serving elected council member of the HKICS and the chief examiner of the “Hong Kong Company Secretarial Practice” module of its international qualifying scheme. Further, he was named in the “International WHO’S WHO of Professionals” in 1999 and was conferred as a Knight of Rizal of the Philippines in mid-June 2019. Last but not least, he is a popular guest speaker and an author on corporate governance, regulatory compliance and corporate secretarial matters.

Sir Seaman Kwok is not an individual employee of our Company, but acts as an external service provider. The Company has nominated Ms. Cheng as its contact point for Sir Seaman Kwok in respect of the company secretarial matters.

DIRECTORS' REPORT

The directors of the Company (the “**Directors**”) are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 30th September 2020 (the “**Year**”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the provision of financial printing services in Hong Kong. The principal activities of the Company's subsidiaries are set out in note 27 to the Consolidated Financial Statements of this annual report.

BUSINESS REVIEW

Further discussion and analysis of the performance of the Group, including a fair review of the business of the Group, an analysis using financial key performance indicators, a discussion of the principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group's business, can be found in the sections headed “Chairman's Statement”, “CEO's Message” and “Management Discussion and Analysis” of this annual report. The financial risk management objectives and policies of the Group are set out in note 33 to the Consolidated Financial Statements of this annual report. These discussions form part of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to maintaining the long-term sustainability of the environment and devoted to building an environmentally friendly corporation. The Group implements policies and practices to achieve resources conservation, energy saving and waste reduction so as to minimise its impact on the environment. Due to the nature of its business, the Group does not produce, emit or discharge any pollutant during the course of the business. Accordingly, the Group is not subject to any specific rules or regulations in relation to the environmental protection matters.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group and its activities are subject to requirements under various laws in Hong Kong. The Group has put in place in-house rules containing measures and work procedures to ensure that the Group's operation is in compliance with the applicable laws and regulations that have a significant impact on the Group.

The Group maintains employees' compensation insurance for all of the employees as required under the Employees' Compensation Ordinance and other applicable laws and regulations in Hong Kong. The Group also participates in the mandatory provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance for the employees in Hong Kong. The Directors consider that the employees' compensation insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

The Group follows the health and safety-related rules and regulations in accordance with the Occupational Safety and Health Ordinance of Hong Kong and sets the requirements for workplace environmental control and hygiene at workplaces pursuant to the above ordinance.

DIRECTORS' REPORT

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are key to its sustainable development. The Group is committed to establishing a close and caring relationship with its customers and enhancing co-operation with its business partners.

The Group maintains a very stable and experienced management team and places great emphasis on training its employees by providing orientation training for new employees and on-the-job training and organising team building events.

The Group also organises various social activities occasionally to create a harmonious working environment for the employees.

During the Year, the Group maintained good relationship with its customers and generally maintained a high retention rate with the existing customers to keep abreast of market development and potential business opportunities.

The Group has maintained stable and long-established business relationships with its major suppliers. It does not foresee any difficulty in procurement nor has it experienced any production disruption.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

The board of Directors (the “**Board**”) is not aware of any important event affecting the Group that has taken place subsequent to 30th September 2020 and up to the date of this report.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company (the “**Shares**”) in issue were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing**”, respectively) on 2nd February 2018 (the “**Listing Date**”). The net proceeds from the Listing amounted to approximately HK\$28.7 million. Details of the use of such proceeds are set out in the section headed “Management Discussion and Analysis” on page 18 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 63 of this annual report.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 112 of this annual report.

DIRECTORS' REPORT

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Monday, 8th February 2021 (the "2021 AGM"). For the purpose of determining those shareholders of the Company (the "Shareholders") who are entitled to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Wednesday, 3rd February 2021 to Monday, 8th February 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2021 AGM, the non-registered Shareholders must lodge all completed share transfer instruments accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 2nd February 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the Consolidated Financial Statements of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 25 to the Consolidated Financial Statements of this annual report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in page 111 and page 65 of this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 30th September 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately HK\$37.2 million.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the “**Articles of Association**”) or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company did not redeem any of its listed securities, nor did the Company and any of its subsidiaries purchase or sell such securities.

DIRECTORS

The Directors during the Year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Chan Tsang Tieh (*Chairman*)

Mrs. Donati Chan Yi Mei Amy (*Chief Executive Officer*)

INDEPENDENT NON-EXECUTIVE DIRECTORS (THE “INEDs”)

Mr. Li Wai Ming

Mr. Wan Chun Wai Andrew

Ms. Chan Chiu Yee Natalie

In accordance with article 84(1) of the Articles of Association, Mrs. Donati Chan Yi Mei Amy and Mr. Li Wai Ming shall retire at the 2021 AGM and, being eligible, have offered themselves for re-election.

The Company has received annual confirmation in writing from each of the INEDs in regard to their independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”). The Company considers that each of the INEDs is independent to the Company.

The biographical details of the Directors and the senior management of the Group are set out in the section headed “Directors and Senior Management Profiles” of this annual report.

Information regarding Directors' emoluments and the five highest paid individuals in the Group are set out in notes 11 and 12 to the Consolidated Financial Statements of this annual report, respectively.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Tsang Tieh, an executive Director and the chairman of the Board (the "**Chairman**") has entered into a service contract and Mrs. Donati Chan Yi Mei Amy, an executive Director and the chief executive officer of the Company, has entered into a letter of appointment with the Company on 16th January 2018 for an initial term of three years commencing on the Listing Date and renewable automatically unless terminated by not less than three months' notice in writing served by either party on the other.

Each of the INEDs has entered into a letter of appointment with the Company on 16th January 2018 for an initial term of three years commencing on the Listing Date unless terminated by at least three months' notice in writing served by either party on the other.

None of the Directors proposed for re-election at the 2021 AGM has a service contract or letter of appointment with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the Year or existed as at 30th September 2020.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year or as at 30th September 2020 was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

LONG POSITION IN THE SHARES

Name of Director	Capacity	Nature of interests	Number of Shares held	Percentage of interest in the Company
Mr. Chan Tsang Tieh ("Mr. Chan") (Note)	Interest in a controlled corporation	Corporate interest	750,000,000	75%

Note: The Company is owned as to 75% by Achiever Choice Limited ("Achiever Choice") which is wholly owned by Mr. Chan, the Chairman and an executive Director. Under the SFO, Mr. Chan is deemed to be interested in the same parcel of Shares held by Achiever Choice.

LONG POSITION IN THE ORDINARY SHARES OF ASSOCIATED CORPORATION

Name of Director	Name of associated corporation	Capacity	Nature of interests	Number of shares held	Percentage of interest in the company
Mr. Chan	Achiever Choice	Beneficial owner	Personal interest	1	100%

Save as disclosed above and so far as is known to the Directors, as at 30th September 2020, none of the Directors nor the chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which had been (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' REPORT

INTERESTS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30th September 2020, so far as is known to the Directors, the following entity (not being a Director or the chief executive of the Company) had, or was deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares that would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as follows:

LONG POSITION IN THE SHARES

Name of Shareholder	Capacity	Nature of interests	Number of Shares held	Percentage of interest in the Company
Achiever Choice (Note)	Beneficial owner	Personal interest	750,000,000	75%

Note: Achiever Choice is the beneficial owner of 750,000,000 Shares, representing 75% of the Company's issued share capital. Achiever Choice is wholly owned by Mr. Chan.

Save as disclosed above and so far as is known to the Directors, as at 30th September 2020, the Directors were not aware of any other entity which or person (other than a Director or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares that had been disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was approved and conditionally adopted by the then sole Shareholder by way of written resolutions on 16th January 2018. The Share Option Scheme became effective on the Listing Date.

As no options have been granted by the Company under the Share Option Scheme since its adoption, there was no option outstanding as at 30th September 2020 and no options were exercised or cancelled or lapsed during the Year.

The principal terms of the Share Option Scheme are set out as follows:

(1) PURPOSE

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants (as stated below) as incentive or reward for their contribution to the Group to subscribe for the Shares, thereby linking their interest with that of the Group.

DIRECTORS' REPORT

(2) ELIGIBLE PARTICIPANTS

The eligible participants include employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.

(3) MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

The maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme shall not exceed 100,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this annual report.

(4) MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Unless approved by the Shareholders in general meeting and subject to the following paragraph, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue.

Where any grant of options to a substantial Shareholder or an INED, or any of his/her/its associates (as defined in the GEM Listing Rules), would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares on the Stock Exchange at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders.

(5) PERIOD WITHIN WHICH THE SHARES MUST BE TAKEN UP UNDER AN OPTION

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

(6) MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, the Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as the Directors may determine in their absolute discretion.

DIRECTORS' REPORT

(7) PERIOD FOR AND CONSIDERATION PAYABLE ON ACCEPTANCE OF AN OPTION

An offer shall be deemed to have been accepted by an eligible participant concerned in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

(8) BASIS OF DETERMINING THE EXERCISE PRICE

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of: (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(9) REMAINING LIFE

The Share Option Scheme shall be valid and effective commencing on the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the Year, there was no connected transaction or continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements.

Details of the related party transactions of the Group during the Year are set out in note 30 to the Consolidated Financial Statements of this annual report. None of these related party transactions falls under the definition of a "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules during the Year.

COMPETING INTERESTS

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had (a) any business or interest in a business that competed or might compete with the business of the Group and (b) any other conflicts of interest with the Group for the Year.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers are mainly from listing applicants and listed companies in Hong Kong. The Group's top five customers collectively accounted for approximately 30.2% of the total revenue of the Group for the Year (2019: approximately 22.7%) and the Group's largest customer accounted for approximately 11.3% of the total revenue of the Group for the Year (2019: approximately 6.8%).

The Group's top five suppliers are the Group's subcontractors which provide translation as well as printing and binding works to the Group. The Group's top five suppliers collectively accounted for approximately 39.6% of the total cost of services of the Group for the Year (2019: approximately 43.0%) and the Group's largest supplier accounted for approximately 14.9% of the total cost of services of the Group for the Year (2019: approximately 16.2%).

None of the Directors, their close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of the issued Shares) had any interest in the top five customers nor suppliers of the Group during the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There was no contract of significance (whether for the provision of services to the Group or not) between the Company or any of its subsidiaries and a controlling shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries subsisted as at 30th September 2020 or at any time during the Year.

DEED OF NON-COMPETITION

The Company has received an annual written confirmation from each of the controlling shareholders (as defined in the GEM Listing Rules) of the Company, namely Mr. Chan and Achiever Choice in respect of him/it and his/its close associates (as defined in the GEM Listing Rules) in compliance with the undertakings given under the deed of non-competition dated 16th January 2018 and signed by Mr. Chan and Achiever Choice in favour of the Company (the "**Deed of Non-competition**"). Details of the Deed of Non-competition are set out in the section headed "Deed of Non-competition" of "Relationship with Our Controlling Shareholders" in the prospectus of the Company dated 23rd January 2018. The audit committee of the Board (the "**Audit Committee**") comprising all the INEDs had reviewed the confirmations and did not notice any incident of non-compliance with the Deed of Non-competition.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted as at 30th September 2020 or at any time during the Year.

DIRECTORS' REPORT

CHANGE IN DIRECTORS' INFORMATION

The Company is not aware of any change in the Directors' information, which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising any rights in relation to the Shares, they are advised to consult their professional advisers.

PERMITTED INDEMNITY

The Articles of Association provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. Such provisions were in force during the course of the Year and remained in force as of the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts of the Directors and senior management members, concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed for the Year.

DIRECTORS' REMUNERATIONS

The Directors' remuneration is determined by the Board upon the recommendation of its remuneration committee by reference to the Director's duties, responsibilities and performance and the results of the Group. Details of the remuneration of Directors are set out in note 11 to the Consolidated Financial Statements of this annual report.

EMOLUMENT POLICY

The remuneration committee is set up by the Board to formulate a remuneration policy for approval by the Board, which will take into consideration factors such as salaries paid by comparable companies, employment conditions, responsibilities and individual performance of the Directors, senior management and the general staff of the Company.

The Company has adopted the Share Option Scheme as an incentive to eligible participants.

DIRECTORS' REPORT

DONATIONS

During the Year, no charitable donations were made by the Group (2019: HK\$20,000).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there was a sufficient public float of at least 25% of the issued Shares as required under the GEM Listing Rules throughout the Year and up to the date of this report.

CORPORATE GOVERNANCE

Save as disclosed in this annual report, the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the Year.

Details of the principal corporate governance practices of the Group are set out in the section headed "Corporate Governance Report" on pages 38 to 55 of this annual report.

The compliance officer of the Company is Mrs. Donati Chan Yi Mei Amy whose biographical details are set out on page 20 of this annual report. The joint company secretaries of the Company are Ms. Cheng Kwai Yee (who is also the Company's chief financial officer) and Sir Kwok Siu Man KR. Their biographical details are set out on page 22 and page 24, respectively, of this annual report.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited as its compliance adviser (the "**Compliance Adviser**"). The Compliance Adviser has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. As notified by the Compliance Adviser, during the Year and up to the date of this report, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser concerning the fees payable by the Company to the Compliance Adviser for acting in such capacity, none of the Compliance Adviser or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' REPORT

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the Year and this annual report have been reviewed by the Audit Committee.

INDEPENDENT AUDITOR

Martin C.K. Pong & Company will retire as the independent auditor of the Company and, being eligible, offer themselves for re-appointment at the forthcoming 2021 AGM. A resolution for their re-appointment will be proposed at the forthcoming 2021 AGM.

On behalf of the Board

Chan Tsang Tieh

Chairman and Executive Director

Hong Kong, 15th December 2020



CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) and protecting and enhancing Shareholders’ value through good corporate governance.

The directors of the Company (the “**Directors**”) recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Company and its subsidiaries (the “**Group**”) so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”, the “**GEM Listing Rules**” and the “**CG Code**”, respectively) during the year ended 30th September 2020 (the “**Year**”), except as disclosed in this report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the securities as contained in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”) as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during the Year.

BOARD OF DIRECTORS

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD

The board of Directors (the “**Board**”) is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group’s values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group’s business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group’s corporate governance practices and all other functions reserved to the Board under the Company’s articles of association (the “**Articles of Association**”). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to management of the Group (the “**Management**”) if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time.

The Directors have full access to information of the Group and the Management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company’s expense.

CORPORATE GOVERNANCE REPORT

COMPOSITION

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors (the “INEDs”) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board comprises the following five Directors, of which the INEDs in aggregate represent 60% of the Board members:

EXECUTIVE DIRECTORS

Mr. Chan Tsang Tieh (“**Mr. Chan**”) (*Chairman*)

Mrs. Donati Chan Yi Mei Amy (*Chief Executive Officer*)

INEDS

Mr. Li Wai Ming

Mr. Wan Chun Wai Andrew

Ms. Chan Chiu Yee Natalie

The biographical details of each of the Directors are set out in the section headed “Directors and Senior Management Profiles” of this annual report.

There was no financial, business, family or other material relationship among the Directors during the Year and up to the date of this annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the Year, the Company had three INEDs, not only meeting but also exceeding the requirements of the GEM Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

During the Year, the chairman of the Board (the “**Chairman**”), being an executive Director, had held a meeting with the INEDs without the presence of the other Director.

CORPORATE GOVERNANCE REPORT

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development (the "CPI") programmes received by each of the Directors during the Year are summarised as follows:

Name of Directors	Type of trainings
Mr. Chan Tsang Tieh	B
Mrs. Donati Chan Yi Mei Amy	A and B
Mr. Li Wai Ming	A and B
Mr. Wan Chun Wai Andrew	A and B
Ms. Chan Chiu Yee Natalie	A and B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

MEETINGS OF THE BOARD AND DIRECTORS' ATTENDANCE RECORDS

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the "Company Secretary") is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version thereof is open for the Directors' inspection.

CORPORATE GOVERNANCE REPORT

During the Year, four Board meetings were held and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 30th September 2019 (the “Year 2019”) as well as the unaudited consolidated financial statements of the Group for the three months ended 31st December 2019, for the six months ended 31st March 2020 and for the nine months ended 30th June 2020, respectively.

The attendance of each Director at the Board meetings during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Chan	1/4
Mrs. Donati Chan Yi Mei Amy	4/4
Mr. Li Wai Ming	4/4
Mr. Wan Chun Wai Andrew	4/4
Ms. Chan Chiu Yee Natalie	4/4

During the Year, the Company held an annual general meeting (the “AGM”) of the Shareholders on 5th February 2020 (the “2020 AGM”). Except Mr. Chan, all other Directors, namely Mrs. Donati Chan Yi Mei Amy, Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie had attended the 2020 AGM. Pursuant to code provision E.1.2 of the CG Code, the chairman of the board should attend the AGM. However, Mr. Chan, the Chairman, was unable to attend the 2020 AGM due to his other engagements. In his absence, Mrs. Donati Chan Yi Mei Amy, an executive Director and the chief executive officer of the Company (the “CEO”), took the chair of the 2020 AGM in accordance with the Articles of Association to ensure an effective communication with the Shareholders.

BOARD DIVERSITY POLICY

The Board has adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year and up to the date of this annual report, Mr. Chan Tsang Tieh acted as the Chairman and Mrs. Donati Chan Yi Mei Amy acted as the CEO. The roles of the Chairman and the CEO have been separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any member of the Board.

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

AUDIT COMMITTEE

The Audit Committee was established on 16th January 2018 with written terms of reference in compliance with the CG Code. Such terms of reference were amended on 28th December 2018. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises all the INEDs, namely Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie. Mr. Li Wai Ming is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and handling any questions of resignation or dismissal of that auditor;
- reviewing the financial reporting principles and practices applied by the Group in preparing its financial statements;
- before audit commencement, reviewing external auditor's independence, objectivity and effectiveness of the audit process and the scope of the external audit, including the engagement letter;
- monitoring the integrity of the Group's financial statements and the annual, quarterly and interim financial reports and reviewing significant financial reporting judgments contained in them;

CORPORATE GOVERNANCE REPORT

- seeking from the external auditor, on an annual basis, information about the policies and processes for maintaining independence and monitoring the compliance with relevant requirements, including the provision of non-audit services and requirements regarding rotation of audit partners and staff;
- discussing with the external auditor any recommendations arising from the audit (if necessary in the absence of the Management); and reviewing the draft management letter, any material queries raised by the auditor to the Management in respect of the accounting records, financial accounts or systems of control including the Management's response to the points raised;
- ensuring that the Board will provide a timely response to issues raised in the external auditor's management letter;
- reviewing and monitoring the scope, effectiveness and results of the internal audit function, ensuring coordination between the internal and external auditors and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group;
- developing and implementing a policy on engaging an external auditor to supply non-audit services;
- discussing with the Management the scope and quality of systems of risk management and internal control and ensuring that the Management has discharged its duty to have an effective risk management and internal control systems, including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget;
- reviewing the findings of internal investigations and the Management's response into any suspected frauds or irregularities or failures of risk management and internal controls or infringements of laws, rules and regulations;
- reviewing arrangements by which employees, in confidence, can raise concerns about possible improprieties in financial reporting, internal control or other matters; and
- considering other topics as requested by the Board.

During the Year, four Audit Committee meetings were held and the Audit Committee, amongst other matters, considered and approved (i) for presentation to the Board for consideration and approval of (a) the draft audited consolidated financial statements of the Group for the Year 2019, unaudited consolidated financial statements of the Group for the three months ended 31st December 2019, for the six months ended 31st March 2020 and for the nine months ended 30th June 2020, respectively and (b) the re-appointment of Martin C.K. Pong & Company ("**MCKP**") at the 2020 AGM; and (ii) audit-related matters.

CORPORATE GOVERNANCE REPORT

The attendance of each INED at the Audit Committee meetings during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Li Wai Ming	4/4
Mr. Wan Chun Wai Andrew	4/4
Ms. Chan Chiu Yee Natalie	4/4

REMUNERATION COMMITTEE

The Remuneration Committee was established on 16th January 2018 with written terms of reference in compliance with the CG Code. Such terms of reference were amended on 5th February 2020. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises an executive Director Mrs. Donati Chan Yi Mei Amy and two INEDs, namely Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie. Mr. Wan Chun Wai Andrew is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- formulating a remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies as well as employment conditions, responsibilities and individual performance of the Directors, senior management and the general staff of the Group. Performance shall be measured against the corporate goals and objectives resolved by the Board from time to time; and implementing the remuneration policy laid down by the Board;
- recommending to the Board on the policy and structure for the remuneration of the Directors and senior management of the Company (the “**Senior Management**”) formal and transparent procedure for developing a remuneration policy;
- making recommendations to the Board on the remuneration packages of individual executive Directors and the Senior Management, including benefits in kind, pension rights, compensation payments (including compensation payable for the loss or termination of office or appointment etc.) if considered appropriate;
- making recommendations to the Board on the remuneration of non-executive Directors (including the INEDs);
- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

CORPORATE GOVERNANCE REPORT

- reviewing and approving the compensation payable to executive Directors and the Senior Management for any loss or termination of the office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- ensuring that no Director or member of the Senior Management or any of their respective associates (as defined in the GEM Listing Rules) is involved in deciding his/her own remuneration;
- determining the criteria for assessing employee performance, which should reflect the Company's business objectives and targets; and
- considering the annual performance bonus for Directors, senior management and the general staff of the Group, having regard to their respective achievements against the performance criteria and by reference to market norms, and making recommendation to the Board accordingly.

During the Year, one Remuneration Committee meeting was held and the Remuneration Committee amongst other matters, determined the remuneration of the Directors and the Senior Management as well as reviewed and recommended to the Board for consideration the annual performance bonus for the Directors, senior management and the general staff of the Group.

The attendance of each Director in the capacity of a member of the Remuneration Committee at the meeting during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Wan Chun Wai Andrew	1/1
Mrs. Donati Chan Yi Mei Amy	1/1
Ms. Chan Chiu Yee Natalie	1/1

NOMINATION COMMITTEE

The Nomination Committee was established on 16th January 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee comprises an executive Director Mr. Chan Tsang Tieh and two INEDs, namely Ms. Chan Chiu Yee Natalie and Mr. Wan Chun Wai Andrew. Ms. Chan Chiu Yee Natalie is the chairlady of the Nomination Committee.

CORPORATE GOVERNANCE REPORT

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually; and making recommendations on any proposed changes to the Board to implement the Company's corporate strategy;
- identifying and nominating appropriate candidates to fill casual vacancies of the Directors for the Board's approval;
- assessing the independence of the INEDs and reviewing the INEDs' annual confirmations on their independence;
- reviewing the Board diversity policy, as appropriate; and reviewing the measurable objectives that the Board has set for implementing the Board diversity policy, and the progress on achieving the objectives; and
- reviewing the succession planning for the Chairman, the chief executive as well as the Senior Management, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate.

During the Year, one Nomination Committee meeting was held and the Nomination Committee, amongst other matters, reviewed the structure, size and diversity of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the 2020 AGM.

The attendance of each Director in the capacity of a member of the Nomination Committee at the meeting during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Chan	1/1
Ms. Chan Chiu Yee Natalie	1/1
Mr. Wan Chun Wai Andrew	1/1

The Company has adopted a nomination policy with the following details:

Objective

The Nomination Committee shall nominate suitable candidates to the Board to consider and make recommendations to Shareholders for election as a Director at general meeting or appoint as a Director to fill casual vacancy.

CORPORATE GOVERNANCE REPORT

Selection Criteria

The factors listed below would be considered by the Nomination Committee in assessing the proposed candidate:

- Reputation
- Experience in the industry
- Commitment in respect of available time and interest
- Diversity, including but not limited to gender, age (18 years or above), cultural, educational background, professional experience.

The above factors are for reference only; the Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Proposed candidates will need to submit the necessary personal information, together with the written consent to be appointed as a Director.

The Nomination Committee may request candidates to provide additional information and documents, if necessary.

Nomination Procedures

The Nomination Committee shall make recommendations for the Board's consideration and approval. The nominated persons shall not assume that they have been proposed by the Board for election not until the issue of the shareholder circular.

A circular, with the information of the candidates nominated by the Board and invitation of nominations from Shareholders, will then be sent to Shareholders.

The circular will set out the period for Shareholders to make the nominations. The names, independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

Shareholders can serve a notice to the Company Secretary within the period of his/her/its intention to propose a resolution to elect a certain person as a Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

A candidate is allowed to withdraw his/her candidature at any time before the general meeting at which his/her proposed directorship will be considered by the Shareholders, by serving a written notice to the Company Secretary.

The Board shall have the final decision on all matters relating to its recommendation of candidates.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 16th January 2018 with written terms of reference. The written terms of reference of the Risk Management Committee are published on the respective websites of the Stock Exchange and the Company. The Risk Management Committee comprises all the INEDs, namely Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie. Mr. Li Wai Ming is the chairman of the Risk Management Committee.

The principal roles and functions of the Risk Management Committee include but are not limited to:

- considering and formulating risk management framework and providing guidelines to the management on risk management by setting up procedures to identify, assess and manage material risks faced by the Group;
- reviewing and assessing regularly the adequacy and effectiveness of the Group's risk management framework, internal control systems relating to risk management (other than internal financial control systems) and risk management policies and procedures in order to identify, assess and manage risks, and overseeing their effective operation, implementation and maintenance;
- overseeing the Group's risk management and internal control systems on an ongoing basis, and ensuring that a review of the effectiveness of the Group's risk management and internal control systems is conducted at least annually; and
- reviewing the changes in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and external environment.

During the Year, one Risk Management Committee meeting was held and the Risk Management Committee, amongst other matters, reviewed the risk management and internal control systems and discussed risk management-related matters.

The attendance of each Director in the capacity of a member of the Risk Management Committee at the meeting during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Li Wai Ming	1/1
Mr. Wan Chun Wai Andrew	1/1
Ms. Chan Chiu Yee Natalie	1/1

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and CPD of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. Chan, an executive Director and the Chairman, has entered into a service agreement with the Company for an initial term of three years commencing on the date on which the issued shares of the Company were listed on GEM of the Stock Exchange (the "**Listing Date**").

Mrs. Donati Chan Yi Mei Amy, an executive Director and the CEO, and each of the INEDs have entered into a letter of appointment with the Company for an initial term of three years commencing on the Listing Date.

None of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

All the Directors, including the INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

CORPORATE GOVERNANCE REPORT

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year are set out in note 11 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management Profiles" of this annual report for the Year by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to 1,000,000	4

INDEPENDENT AUDITOR'S REMUNERATION

For the Year, MCKP was engaged as the Group's independent auditor.

The remuneration paid/payable to MCKP in respect of the Year is set out below:

Services	Fee paid/payable HK\$'000
Audit services — Annual audit	775
Non-audit services — Taxation and review of the Group's consolidated financial statements	252
Total	1,027

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Year.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, MCKP has stated in the independent auditor's report its reporting responsibilities on the Group's consolidated financial statements for the Year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Company does not have an internal audit department. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time.

The Board, through the Audit Committee and the Risk Management Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the GEM Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company’s website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Directors and the joint company secretaries of the Company (the “**Joint Company Secretaries**”) are authorised to communicate with parties outside the Group.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Cheng Kwai Yee (“**Ms. Cheng**”) who is the chief financial officer of the Company and Sir Kwok Siu Man KR (“**Sir Seaman Kwok**”) as the Joint Company Secretaries with effect from 22nd June 2017.

Sir Seaman Kwok was nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) to act as a Joint Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Sir Seaman Kwok has been contacting in respect of company secretarial matters is Ms. Cheng.

Each of Ms. Cheng and Sir Seaman Kwok has taken no less than 15 hours of relevant professional training during the Year pursuant to Rule 5.15 of the GEM Listing Rules.

All members of the Board have access to the advice and services of the Joint Company Secretaries. The appointment and removal of the Joint Company Secretaries has been/will be subject to the Board’s approval.

Sir Seaman Kwok has tendered his resignation as a Joint Company Secretary with effect from 27th January 2021 owing to his resignation with Boardroom. Ms. Cheng, the other Joint Company Secretary, who meets the qualification requirements for company secretary under Rule 5.14 of the GEM Listing Rules, will remain in office and act as the sole Company Secretary and will continue to perform and discharge the duties of the Company Secretary under the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Shareholders are welcome to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposals may be sent to the Board or the Company Secretary by written requisition. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

PROCEDURES FOR SHAREHOLDERS TO CONVOENE AN EGM

Pursuant to the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholder(s) who wish(es) to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned (the "Requisitionist(s)") at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

The Requisition must state clearly the name(s) of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene an EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene the EGM shall be reimbursed to the Requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRIES TO THE BOARD

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Hong Kong at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman/chairlady of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

DIVIDEND POLICY

The Board has approved and modified the dividend policy to provide Shareholders with regular dividends (the "Dividend Policy"). The Company endeavors to deliver sustainable expectation to the Shareholders and to maintain a prudent capital management.

Under the Dividend Policy, the Board shall take into account the following factors:

- the Company's actual and expected financial performance;
- the retained earnings and distributable reserves of the Company and each of the members of the Group;
- the level of the Group's debts to equity ratio and the return on equity ratio;
- the Group's expected working capital requirements and future expansion plans;
- general economic conditions, business cycle of the Group's business and other internal and external factors that may have impact on the business or financial performance and position of the Company; and
- any other factors that the Board consider appropriate.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Any final dividend declared by the Company must be approved by an ordinary resolution of Shareholders at an AGM and must not exceed the amount recommended by the Board.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, circulars, AGMs and EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the Year.

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EDICO Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of EDICO Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 63 to 111, which comprise the consolidated statement of financial position as at 30th September 2020; and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended; and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30th September 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Impairment of contracts assets and trade receivable

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition

Refer to Note 6(a) (significant accounting judgments and estimates) and Note 8 (revenue) to the consolidated financial statements.

The Group recognised revenue of approximately HK\$73,209,000 from provision of financial printing services for the year ended 30th September 2020.

Revenue from provision of financial printing services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Management used significant judgements and estimations to determine the progress towards complete satisfaction of the performance obligation at the reporting date.

Our procedures in relation to revenue recognition mainly included:

- Inspecting signed fee proposals or agreements with customers to understand the terms of the provision of financial printing services to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards;
- Assessing the Group's revenue recognition which is based on a reasonable measurement of the value of service performed to date of the individual contract as a percentage of total services estimated to be performed for each contract using cost-to-cost input method; and
- Checking the accuracy of the incurred costs to date and assessing judgements and estimates about budgeted costs to complete and expected gross profits.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment of trade receivables and contract assets

Refer to Note 6(b) (significant accounting judgments and estimates) and Note 18 (contract assets/contract liabilities) and Note 19 (trade receivables) to the consolidated financial statements.

As at 30th September 2020, the carrying amount of trade receivables and contract assets is approximately HK\$11,899,000 and HK\$2,428,000 respectively. The related provision for expected credit losses for trade receivables recognised by the Group amounted to HK\$4,024,000, and there was no expected credit loss for contract assets recognised as at 30th September 2020.

Management judgement is involved in assessing the forward looking expected credit loss. Management estimated the level of expected losses, by assessing future cash flow for contract assets and trade receivables including a probability weighted amount determined by evaluating a range of possible outcomes based on historical credit loss experience by customers and applying to the contract assets and trade receivables held at the end of the reporting period. The impact of economic factors both current and future is considered in assessing the likelihood of recovery from customer, where applicable.

We focus on the area due to the significant management judgement and estimation involved in assessing the expected credit losses.

Our procedures in relation to impairment of trade receivables and contract assets mainly included:

- We reviewed management's assessment of the overall policies and procedures in relation to expected credit loss model for estimating impairment provisions and assessed the appropriateness of the model applied by the management.
- We assessed the reasonableness of management's estimates for expected credit loss by examining the information used by management, to form such judgements, including testing accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.
- We also checked the subsequent settlements made by customers.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats and safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chai Chi Man.

Martin C.K. Pong & Company
Certified Public Accountants

Hong Kong, 15th December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	8	73,209	59,976
Cost of services		(37,634)	(35,533)
Gross profit		35,575	24,443
Other income	9	2,619	843
Selling and distribution expenses		(2,690)	(4,045)
Administrative expenses		(30,356)	(32,834)
Finance costs		(1,051)	—
Profit/(loss) before tax	10	4,097	(11,593)
Income tax credit	13	—	50
Profit/(loss) for the year		4,097	(11,543)
Other comprehensive income		—	—
Total comprehensive income/(loss) for the year attributable to owners of the Company		4,097	(11,543)
		HK cents	HK cents
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
Basic and diluted	15	0.41	(1.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Non-current Assets			
Property, plant and equipment	16	2,696	3,292
Right-of-use assets	17	16,809	—
Total Non-current Assets		19,505	3,292
Current Assets			
Contract assets	18	2,428	10,753
Trade receivables	19	11,899	18,158
Prepayments, deposits and other receivables	20	4,165	3,714
Income tax recoverable		260	561
Cash and bank balances and time deposits	21	69,657	47,399
Total Current Assets		88,409	80,585
Current Liabilities			
Contract liabilities	18	5,624	6,062
Trade payables	22	9,182	6,369
Lease liabilities	17	12,290	—
Other payables and accruals	23	3,012	2,707
Total Current Liabilities		30,108	15,138
Net Current Assets		58,301	65,447
Total Assets less Current Liabilities		77,806	68,739
Non-current Liabilities			
Lease liabilities	17	4,970	—
Net Assets		72,836	68,739
Capital and Reserves			
Equity attributable to owners of the Company			
Share capital	25	10,000	10,000
Reserves	26	62,836	58,739
Total Equity		72,836	68,739

The consolidated financial statements were approved for issue by the Board of Directors on 15th December 2020 and were signed on its behalf.

Mr. Chan Tsang Tieh
Director

Mrs. Donati Chan Yi Mei Amy
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th September 2020

	Share capital HK\$'000 (Note 24)	Share premium HK\$'000 (Note 25(i))	Capital reserve HK\$'000 (Note 25(ii))	Merger reserve HK\$'000 (Note 25(iii))	Retained earnings HK\$'000	Total HK\$'000
At 30th September 2018	10,000	36,735	5,074	16	33,457	85,282
Total comprehensive loss for the year	—	—	—	—	(11,543)	(11,543)
2018 Final dividend (Note 14)	—	—	—	—	(5,000)	(5,000)
At 30th September 2019	10,000	36,735	5,074	16	16,914	68,739
Total comprehensive income for the year	—	—	—	—	4,097	4,097
At 30th September 2020	10,000	36,735	5,074	16	21,011	72,836

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th September 2020

Notes	2020 HK\$'000	2019 HK\$'000
Cash Flows from Operating Activities		
	4,097	(11,593)
Profit/(loss) before tax		
Adjustments for:		
Interest income	(733)	(766)
Interest expenses on lease liabilities	1,174	—
Depreciation of property, plant and equipment	886	782
Depreciation of right-of-use assets	11,623	—
Property, plant and equipment written off	6	7
Provision for impairment of trade receivables	2,032	1,993
	19,085	(9,577)
Operating cash flows before movements in working capital		
Decrease/(increase) in:		
— contract assets	8,325	221
— trade receivables	4,227	6,173
— prepayments, deposits and other receivables	(451)	(9)
(Decrease)/increase in:		
— contract liabilities	(438)	1,155
— trade payables	2,813	(1,030)
— other payables and accruals	305	(475)
	33,866	(3,542)
Cash generated from/(used in) operations		
Income tax refunded/(paid)	301	(3,783)
	34,167	(7,325)
Net cash generated from/(used in) operating activities		
Cash Flows from Investing Activities		
Interest received	733	766
Decrease in time deposits with maturity over 3 months	—	16,000
Purchase of property, plant and equipment	(296)	(3,431)
	437	13,335
Net cash generated from investing activities		
Cash Flows from Financing Activities		
Dividend paid	14	(5,000)
Repayment of interest element of lease liabilities	17	—
Repayment of principal element of lease liabilities	17	—
	(12,346)	(5,000)
Net cash used in financing activities		
	22,258	1,010
Net increase in cash and cash equivalents		
	47,399	46,389
Cash and cash equivalents, at beginning of year		
	69,657	47,399
Cash and cash equivalents, at end of year	21	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

EDICO Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 20th May 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The shares of the Company are listed on the GEM (“Listing”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2nd February 2018.

The Company’s registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established its principal place of business in Hong Kong at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company’s immediate and ultimate holding company is Achiever Choice Limited, a company incorporated in the British Virgin Islands (the “BVI”). The ultimate controlling shareholder of the Company is Mr. Chan Tsang Tieh (“Mr. Chan”), an executive director and the Chairman of the Board of Directors of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 27.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM Board of the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis. On 1st October 2019, the Group adopted all the new and revised HKFRSs, amendments and interpretations that were effective from that date and were relevant to its operations. Except HKFRS 16 as described below, the adoption of the new and revised HKFRSs, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousands except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30th September 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the holding company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 LEASES

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 supersedes HKAS 17 Leases and the related interpretations.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. The distinction of operating leases and finance leases is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low-value assets. Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised as liabilities. Operating lease rental expenses were recognised in the consolidated statement of profit or loss and other comprehensive income over the lease period on a straight-line basis. Under HKFRS 16, the Group measures a leased liability based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial adoption. The incremental borrowing rate applied was 5.25%. The unpaid rental payable under the original financial reporting standards on leases will be included in the remaining lease payments. The Group measures right-of-use assets based on each lease option assuming that the new standards on leases are adopted to measure right-of-use assets once the lease term commences, and the carrying amount is discounted using the incremental borrowing rate at the date of initial adoption. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liabilities.

	Note	Carrying amount previously reported at 30th September 2019 HK\$'000	Impact on adoption of HKFRS 16 HK\$'000	Carrying amount as restated at 1st October 2019 HK\$'000
Right-of-use assets	(a)	—	25,575	25,575
Lease liabilities	(a)			
— Current Portion		—	10,839	10,839
— Non-current portion		—	14,736	14,736

Note:

- (a) As at 1st October 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately HK\$25,575,000.

Starting from 1st October 2019, in the consolidated statement of cash flow, is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, rather than as operating cash outflows. The total cash flows are unaffected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 LEASES *(Continued)*

Differences between operating lease commitments as at 30th September 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1st October 2019 are as follow:

	HK\$'000
Operating lease commitment disclosed as at 30th September 2019	27,585
Less: Short-term leases and other leases with remaining lease term ended on or before 30th September 2020	(437)
	27,148
Discounted using the incremental borrowing rate and lease liabilities recognised as at 1st October 2019	25,575
Analysed as	
Current portion	10,839
Non-current portion	14,736
	25,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 3	Definition of a Business ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKFRS 16	Covid-19 Related Rent Concession ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKAS 16	Proceeds Before Intended Use ⁴
Amendments to HKAS 37	Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ⁴
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

¹ Effective for annual periods beginning on or after 1st January 2020.

² Effective for annual periods beginning on or after 1st June 2020.

³ Effective for annual periods beginning on or after 1st January 2021.

⁴ Effective for annual periods beginning on or after 1st January 2022.

⁵ Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020.

⁶ Effective date not yet been determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FAIR VALUE MEASUREMENT *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of lease terms or 20%
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1st October 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Financial assets

Trade receivables arising from contracts with customers which are measured in accordance with HKFRS 15. All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of financial asset within the time frame established by the market concerned.

All recognised financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts and prepayments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

Amortised cost and effective interest rate (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments, other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Credit-impaired financial assets (Continued)

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

or

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exceptions of trade receivables and contract assets where the correspondence adjustment is recognised through a loss allowance account.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments; and
- Past-due status; and
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liability including trade and other payables and contract liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

LEASES (BEFORE APPLICATION OF HKFRS 16 ON 1ST OCTOBER 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

LEASES (AFTER APPLICATION OF HKFRS 16 ON 1ST OCTOBER 2019)

A contract is a lease if the contract transfer the right to control the use of an asset for a period of time in exchange for a consideration.

The Group as lessee

The Group recognizes a right-of-use asset and a corresponding lease liability in which it is the lessee, except for the lease term of 12 months or less and leases of low value assets. For these leases, the Group recognizes the lease payments as operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The right-of-use assets should be recognized at cost and comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the lessee. If the Group have an obligation for costs to dismantle and remove a leased asset to the condition required by the terms and conditions of the lease, provision is recognized and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs should be included in the right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of assets other than goodwill" policy. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES (AFTER APPLICATION OF HKFRS 16 ON 1ST OCTOBER 2019) *(Continued)*

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of lease liability comprise fixed lease payments, including in-substance fixed payments, less any lease incentives receivable.

Lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method, and by reducing the carrying amount to reflect the lease payments made.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration specified in a contract with customer. The Group recognises revenue when it transfers control of service to a customer.

The Group recognises revenue from the service revenue from provision of financial printing services (including translations and media placement services) which arise from contracts with customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

Provision of financial printing services

The Group provides financial printing services (including translations and media placement services) under contracts with customers. Such contracts are entered into before the services begin. Revenue from provision of financial printing services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using cost-to-cost input method as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Contract assets arise when the Group has right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration.

Contract liabilities arise when the Group has obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

GOVERNMENT GRANTS

Grants from government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of profit or loss and other comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as other liabilities and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

EMPLOYEE BENEFITS

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (1) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

INCOME TAX (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

FOREIGN CURRENCIES

These financial statements are presented in HK\$, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES *(Continued)*

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into HK\$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RELATED PARTIES (Continued)

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in(a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) REVENUE RECOGNITION

The Group recognised revenue from provision of financial printing services (including translations and media placement services) over time by reference to the Progress at the reporting date. The Progress is determined based on direct measurements of the value transferred to the customers, by reference to services performed to date as a percentage of total services estimated to be performed for each project. The Group is also required to estimate the total service costs of each project to determine the appropriate amount of cost of services. Service costs are recognised as expenses by reference to the Progress at the end of the reporting period. The computation of the Progress and estimation of total service costs for each project require the use of judgement and estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

(6) IMPAIRMENT OF TRADE RECEIVABLES AND CONTRACT ASSETS

The Group makes allowances on trade receivables and contract assets based on assumptions about risk of default and expected loss rates. The allowance for trade receivables and contract assets reflects lifetime expected credit losses i.e. possible default events over the expected life of the trade receivables and contract assets, weighted by the probability of that default occurring. Judgement has been applied in determining the level of expected credit losses, taking into account the future cash flow for trade receivables and contract assets including a probability weighted amount determined by evaluating a range of possible outcomes based on the historical credit losses experience by customers, economic factors as well as forward looking estimates in assessing the likelihood of recovery from customer at the end of each reporting period. While the allowance is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of allowance recorded and consequently on the charge or credit to profit or loss.

7. OPERATING SEGMENT INFORMATION

From the perspective of the Group's senior management, it is considered that assessment of operating performance is focused on the Group as a whole for the purposes of resource allocation and performance assessment. Therefore, management considers the Group has one reporting segment i.e. Provisions of financial printing services.

Reconciliation of segment information to the information presented in the financial statements has not been presented, as the reconciling items are considered to be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OPERATING SEGMENT INFORMATION *(Continued)*

GEOGRAPHICAL INFORMATION

No geographical information is presented as the Group's revenue from the external customers is derived mainly from its operation in Hong Kong and no non-current assets of the Group are located outside Hong Kong.

INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 30th September 2020, there was one customer (2019: Nil) contributing over 10% of the total revenue of the Group. Revenue derived from that customer was approximately HK\$8,259,000.

8. REVENUE

Revenue represents the value of financial printing services rendered for the year ended 30th September 2020.

9. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Bank interest income	733	766
Government grant — employment support scheme	1,886	—
Sundry income	—	77
	2,619	843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROFIT/(LOSS) BEFORE TAX

	2020 HK\$'000	2019 HK\$'000
Auditors' remuneration		
— Audit services — annual audit	775	777
— Non-audit services	252	250
Depreciation of property, plant and equipment	886	782
Depreciation of right-of-use assets included in cost of services	554	—
Depreciation of right-of-use assets included in administrative expenses	11,069	—
Provision for impairment of trade receivables	2,032	1,993
Property, plant and equipment written off	6	7
Employee benefits expense (excluding directors' remuneration (note 11))	—	—
Salaries and allowances	17,754	21,544
Pension scheme contributions	750	822
	18,504	22,366
Interest on lease liabilities included in cost of services	123	—
Interest on lease liabilities included in finance costs	1,051	—
Minimum lease payments under operating leases	437	12,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. DIRECTORS' REMUNERATION *(Continued)*

The emoluments for the year ended 30th September 2020 shown above represents emoluments received and receivable from the Group by these Directors in their capacity as employees to the Group and/or in their capacity as Directors of the Company.

Mrs. Donati Chan Yi Mei Amy is also the chief executive officer of the Company and her emoluments for the year ended 30th September 2019 and 2020 disclosed above include those for services rendered by her as the chief executive officer.

There were no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

12. FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments of the five highest paid employees included one director (2019: one), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining 4 (2019: 4) non-directors, highest paid employees are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	2,027	2,800
Performance related bonuses	—	1,292
Pension scheme contributions	72	71
	2,099	4,163

The number of highest paid employees whose remuneration fell within the following band is as follows:

	2020 HK\$'000	2019 HK\$'000
Nil to HK\$1,000,000	4	3
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	—	—
HK\$2,000,001 to HK\$2,500,000	—	1
	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INCOME TAX CREDIT

Pursuant to the rules and regulations of the Cayman Islands and BVI, The Group is not subject to any income tax in the Cayman Islands and BVI.

No provision for Hong Kong Profits Tax has been made in these consolidated financial statements as the Company and its operating subsidiaries either has no assessable profit for the year or has available tax losses brought forward from prior years to offset the assessable profits generated during the year. Tax credit of HK\$50,000 for the year ended 30th September 2019 represents over-provision of income tax expense in previous years.

	2020 HK\$'000	2019 HK\$'000
Current — Hong Kong		
Charge for year	—	—
Over-provision in previous years	—	(50)
	—	(50)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the Hong Kong statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the Group's effective tax rate is as follows:

	2020 HK\$'000	2019 HK\$'000
Profit/(Loss) before tax	4,097	(11,593)
Tax at statutory tax rates	511	(1,913)
Expenses not deductible for tax	4	9
Income not taxable	(409)	(53)
Unrecognised temporary differences	41	(30)
Unrecognised tax losses in previous years utilised in current year	(409)	(18)
Tax losses not recognised	262	2,005
Over-provision in previous years	—	(50)
Tax credit at the Group's effective rate	—	(50)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DIVIDENDS

The Board has resolved not to declare the payment of a final dividend for the year ended 30th September 2020 (2019: Nil).

The final dividend for the year ended 30th September 2018 had been approved by the Shareholders at the annual general meeting of the Company held on 22nd February 2019 and was paid to the Shareholders on 20th March 2019.

15. EARNINGS / (LOSS) PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2020 HK\$'000	2019 HK\$'000
Earnings:		
Profit/(Loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	4,097	(11,543)
	2020 '000	2019 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	1,000,000	1,000,000
	HK cents	HK cents
Basic and diluted earnings/(loss) per share	0.41	(1.15)

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no potentially dilutive ordinary shares in issue during the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Total HK\$'000
At cost:					
At 1st October 2018	4,386	588	624	4,208	9,806
Additions	2,499	412	401	119	3,431
Writing off	—	(361)	(188)	—	(549)
At 30th September 2019	6,885	639	837	4,327	12,688
Additions	195	12	43	46	296
Writing off	(259)	—	—	—	(259)
At 30th September 2020	6,821	651	880	4,373	12,725
Aggregate depreciation and impairment:					
At 1st October 2018	4,281	488	575	3,812	9,156
Charge for the year	427	106	67	182	782
Written back for the year	—	(354)	(188)	—	(542)
At 30th September 2019	4,708	240	454	3,994	9,396
Charge for the year	550	113	92	131	886
Written back for the year	(253)	—	—	—	(253)
At 30th September 2020	5,005	353	546	4,125	10,029
Net carrying amount:					
At 30th September 2020	1,816	298	334	248	2,696
At 30th September 2019	2,177	399	383	333	3,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	2020 HK\$'000	2019 HK\$'000
As at 1st October 2019	25,575	—
Additions	2,857	—
Depreciation provided during the year	(11,623)	—
As at 30th September 2020	16,809	—

The right-of-use assets represent the Group's rights to use underlying leased premises and equipment under lease arrangements over the lease terms.

LEASE LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Analysed as:		
Current	12,290	—
Non-current	4,970	—
	17,260	—
Minimum lease payments due:		
Within one year	12,904	—
More than one year but not later than two years	4,005	—
More than two years but not later than five years	1,129	—
	18,038	—
Less: Future finance charges	(778)	—
Present value of lease liabilities	17,260	—
Maturity analysis:		
Within one year	12,290	—
More than one year but not later than two years	3,897	—
More than two years but not later than five years	1,073	—
	17,260	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

LEASE LIABILITIES *(Continued)*

Amount recognised in profit or loss

	2020 HK\$'000
Depreciation of right-of-use assets	11,623
Interest on lease liabilities	1,174
Short-term lease expenses	437

During the year ended 30 September 2020, the total cash outflow for leases amount to approximately HK\$12,346,000.

18. CONTRACT ASSETS / CONTRACT LIABILITIES

CONTRACT ASSETS / CONTRACT LIABILITIES

	At 2020 HK\$'000	At 2019 HK\$'000
Contract assets	2,428	10,753
Less: provision for impairment loss	—	—
Contract assets — net	2,428	10,753
Contract liabilities	(5,624)	(6,062)
	(3,196)	4,691

The contract assets primarily relate to the Group's rights to consideration for completion of financial printing services, marketing collateral printing services and other services but not yet billed under the relevant contracts at the reporting date. The contract liabilities primarily relate to the advanced consideration received from customers. The contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability.

There was no retention held by customers on services contracts at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. CONTRACT ASSETS / CONTRACT LIABILITIES *(Continued)*

CONTRACT ASSETS / CONTRACT LIABILITIES *(Continued)*

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. The counterparties are grouped under a provision matrix based on shared credit risk characteristics. No provision was made against the gross amounts of contract assets during the year.

As at 30th September 2020, no impairment loss was made.

REVENUE RECOGNISED IN RELATION TO CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table shows how much of the revenue recognised in the current year relates to carried forward contract liabilities.

	2020 HK\$'000	2019 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	2,128	1,819

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before services is rendered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

19. TRADE RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables, gross	15,923	20,783
Impairment	(4,024)	(2,625)
	11,899	18,158

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45–60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE RECEIVABLES *(Continued)*

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2020 HK\$'000	2019 HK\$'000
Within 30 days	6,756	7,794
31 to 60 days	49	1,790
61 to 90 days	1,755	4,701
91 to 180 days	2,924	3,271
181 days to 1 year	376	602
Over 1 year	39	—
	11,899	18,158

The movements in provision for impairment of trade receivables are as follows:

	2020 HK\$'000	2019 HK\$'000
At beginning of year	2,625	632
Provision for impairment of trade receivables	2,032	1,993
Amount written off directly against trade receivables	(633)	—
At end of year	4,024	2,625

IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO ECL MODEL

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. The debtors are grouped under a provision matrix based on shared credit risk characteristics. For the year ended 30th September 2020, additional provision of approximately HK\$2,032,000 was made against the gross amounts of trade receivables. Details of impairment assessment of trade receivables for the year ended 30th September 2020 are set out in Note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Prepayments	205	251
Rental and other deposits	3,485	3,463
Other receivables	475	—
	4,165	3,714

None of the above assets is either past due or impaired.

21. CASH AND BANK BALANCES AND TIME DEPOSITS

	2020 HK\$'000	2019 HK\$'000
Cash and bank balances	37,809	13,142
Time deposits	31,848	34,257
	69,657	47,399

Cash at banks earns interest at floating rates based on daily bank deposit rates. The time deposits are made for periods of 3 months, and earn interest at the respective short term time deposits rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 HK\$'000	2019 HK\$'000
Within 30 days	3,691	3,225
31 to 60 days	458	990
61 to 90 days	1,245	625
91 to 180 days	2,329	1,415
181 days to 1 year	988	25
Over 1 year	471	89
	9,182	6,369

The trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

23. OTHER PAYABLES AND ACCRUALS

	2020 HK\$'000	2019 HK\$'000
Accruals	3,012	2,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. DEFERRED TAX

At the end of the reporting period, deferred tax assets have not been recognised in respect of the following items:

	2020 HK\$'000	2019 HK\$'000
Tax losses	11,607	13,506
Deductible temporary differences in respect of tax depreciation	2,412	2,166
	14,019	15,672

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

25. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$
Authorised: Ordinary shares of HK\$0.01 each		
At 30th September 2019 and 30th September 2020	5,000,000,000	50,000,000
Issued and fully paid: At 30th September 2019 and 30th September 2020	1,000,000,000	10,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RESERVES

(I) SHARE PREMIUM

The share premium account were resulted from the capitalisation issue and the initial public offering.

(II) CAPITAL RESERVE

The capital reserve of the Group represented the difference between the cost of investment and the issued share capital of a subsidiary.

(III) MERGER RESERVE

The merger reserve of the Group represented the difference between the nominal value of new shares issued for the exchange of the issued shares of the subsidiary under the Reorganisation and the carrying amount of its share of the subsidiary's own equity items.

27. SUBSIDIARIES

At 30th September 2020 and 2019, the Group had the following subsidiaries.

Name	Place and date of incorporation/ establishment	Issued/ registered capital	Percentage of equity interest attributable to the Company		Principal activities and place of operation
			2020	2019	
Directly held:					
Top Achiever Global Limited	BVI 1st April 2016	United States dollars ("US\$") 1	100%	100%	Investment holding Hong Kong ("HK")
Indirectly held:					
High Strength Limited	BVI 19th August 2009	US\$1,000	100%	100%	Investment holding HK
High Data Limited	BVI 18th September 2009	US\$1,000	100%	100%	Investment holding HK
EDICO Financial Press Services Limited	HK 9th October 2009	HK\$11,080,000	100%	100%	Provision of integrated financial printing services HK
TOD Translation Services Limited	HK 10th June 2011	HK\$10,000	100%	100%	Provision of translation services HK
Huge Alliance Limited	HK 22nd October 2009	HK\$500,000	100%	100%	Provision of services derived from a tenancy agreement of an office to the Group HK
ORTUS Solutions Limited	HK 18th May 2011	HK\$1	100%	100%	Currently does not carry out any business operations HK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CONTINGENT LIABILITIES

At 30th September 2020, the Group had no significant contingent liabilities.

29. OPERATING LEASE ARRANGEMENTS

The Group leases certain office properties and equipment under operating lease arrangements. Leases for properties and equipment were for terms ranging from two to five years. Lease payments are fixed during the leases. None of the leases includes contingent rentals.

At 30th September 2020, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	2020 HK\$'000	2019 HK\$'000
Within one year	—	12,341
In the second to fifth years, inclusive	—	15,244
	—	27,585

30. RELATED PARTIES TRANSACTIONS

- (a) The Group had no transactions with related parties for the year ended 30th September 2020 and 2019.
- (b) Compensation of key management personnel of the Group

All members of key management personnel of the Group are directors of the Company, and their remuneration is disclosed in note 11 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS BY CATEGORY

	2020 HK\$'000	2019 HK\$'000
Financial assets		
<i>At amortised cost</i>		
Trade receivables	11,899	18,158
Financial assets included in prepayments, deposits and other receivables	3,960	3,463
Cash and bank balances and time deposits	69,657	47,399
	85,516	69,020
Financial liabilities		
<i>At amortised cost</i>		
Trade payables	9,182	6,369
Financial liabilities included in other payables and accruals	3,012	2,707
	12,194	9,076

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments are reasonably approximate to their fair values.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as cash at bank and on hand, trade receivables, rental and other deposits, other receivables, trade payables, and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The Directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group has no significant interest-bearing assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing bank deposits with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk.

The Directors consider there is no expected significant exposure to interest rate risk and hence, no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

FOREIGN CURRENCY RISK

The Group's businesses are located in Hong Kong and all transactions are conducted in HK\$. Most of the Group's assets and liabilities are mainly denominated in HK\$, except for certain cash on hand and bank deposits were denominated in US\$, Taiwan Dollar, Renminbi and Sterling Pound.

Since HK\$ is pegged to US\$ and bank deposits denominated in other foreign currencies were insignificant, the Directors consider there is no significant exposure expected on foreign currency transactions and balances and hence, no sensitivity analysis is presented.

CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables, contract assets, rental and other deposits, other receivable, and cash and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of each of the reporting period.

The credit risk for cash and bank balances is considered not material as such amounts are placed in reputable banks with high credit rating assigned by international credit rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

For deposits and other receivables, management of the Group makes periodic collective as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balances of rental and other deposits

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The credit quality of the debtors is assessed based on their financial position, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. In addition, the Group reviews the recoverable amount of each individual trade debt by weekly basis at the end of each of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the credit risk is significantly reduced.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

CREDIT RISK (Continued)

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

The Group's internal credit risk grading comprises the following categories:

Category	Group definition of category	Basis for recognition of ECL
Performing	There have low risk of default and has not been any significant increase in credit risk since initial recognition	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition	Lifetime ECL — not credit impaired
Default	There is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and/or the Group has no realistic prospect of recovery	Amount is written off

DEPOSITS AND OTHER RECEIVABLES

As at 30th September 2020, the internal credit rating of other receivables were performing. Management considered all of these financial assets are considered to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. Thus, no loss allowance provision was recognised during the year ended 30th September 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

TRADE RECEIVABLES AND CONTRACT ASSETS

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the ECL, trade receivables and contract assets have been assessed individually for debtors with significant balance or collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information such as actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant changes to the debtor's ability to meet its obligations. As at 30th September 2020, the impairment loss allowance for trade receivables and contract assets were determined as follows.

	Current and overdue within 3 months	Overdue 4 to 6 months	Overdue 7–9 months	Overdue 10–12 months	Overdue more than 12 months	Total
Trade receivable						
As at 30th September 2020						
Average loss rate	9%	33%	58%	83%	100%	
Gross carrying amount (HK\$'000)	12,312	528	503	807	1,773	15,923
Impairment loss allowance provision (HK\$'000)	1,114	175	290	672	1,773	4,024
						Total
Contract assets						
As at 30th September 2020						
Average loss rate						0%
Gross carrying amount (HK\$'000)						2,428
Impairment loss allowance provision (HK\$'000)						—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

TRADE RECEIVABLES AND CONTRACT ASSETS *(Continued)*

	Current and overdue within 3 months	Overdue 4 to 6 months	Overdue 7–9 months	Overdue 10–12 months	Overdue more than 12 months	Total
Trade receivable						
As at 30th September 2019						
Average loss rate	0%	5%	10%	20%	100%	
Gross carrying amount (HK\$'000)	16,346	1,501	100	371	2,465	20,783
Impairment loss allowance provision (HK\$'000)	—	75	10	75	2,465	2,625
						Total

Contract assets	
As at 30th September 2019	
Average loss rate	0%
Gross carrying amount (HK\$'000)	10,753
Impairment loss allowance provision (HK\$'000)	—

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The movement in lifetime ECL that has been recognised for trade receivables is as follow:

	2020 HK\$'000	2019 HK\$'000
At beginning of year	2,625	632
Provision for impairment of trade receivables	2,032	1,993
Amount written off as uncollectible	(633)	—
At end of year	4,024	2,625

The creation and release of provision for impaired trade receivables have been included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

LIQUIDITY RISK

In the management of liquidity risk, the Group's policy is to regularly monitor liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2020 HK\$'000	2019 HK\$'000
Trade payables	9,182	6,369
Financial liabilities included in other payables and accruals	3,012	2,707
	12,194	9,076

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital for the year ended 30th September 2020.

The Group monitors capital using a gearing ratio, which is debt divided by the equity. Capital represents the equity attributable to owners of the Company. The gearing ratios as at the end of the reporting period were as follows:

	2020 HK\$'000	2019 HK\$'000
Equity attributable to owners of the Company	72,836	68,739
Gearing ratio	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK\$'000	2019 HK\$'000
Non-current Assets		
Investment in a subsidiary	—	—
Current Assets		
Prepayments and deposits	183	183
Amounts due from subsidiaries	42,507	36,922
Cash and bank balances and time deposits	5,436	10,838
	48,126	47,943
Current Liabilities		
Accruals	967	723
Net Current Assets	47,159	47,220
Net assets	47,159	47,220
Capital and Reserves		
Equity attributable to owners of the Company		
Share capital	10,000	10,000
Reserves	37,159	37,220
Total Equity	47,159	47,220

The Company's statement of financial position was approved for issue by the Board of Directors on 15th December 2020 and were signed on its behalf.

Mr. Chan Tsang Tieh
Director

Mrs. Donati Chan Yi Mei Amy
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

MOVEMENT IN THE COMPANY'S RESERVES

	Share premium HK\$'000 (Note 26(i))	Retained profits HK\$'000	Total HK\$'000
At 1st October 2018	36,735	383	37,118
Total comprehensive income for the year	—	5,102	5,102
2018 Final dividend (Note 14)	—	(5,000)	(5,000)
At 30th September 2019	36,735	485	37,220
Total comprehensive loss for the year	—	(61)	(61)
At 30th September 2020	36,735	424	37,159

35. SUBSEQUENT EVENTS

The Group had no significant event requiring disclosure that has taken place subsequent to 30th September 2020 and up to the date of this report.



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